1. Agenda

   Documents:

   2-28-2019 AGENDA.PDF

2. Agenda Addendum

   Documents:

   2-28-2019 AGENDA ADDENDUM 1.PDF

3. Meeting Materials

   Documents:

   COUNCIL PACKET 2-28-19.PDF

NORTHLAKE
TEXAS

Peter Dewing, Mayor
Rena Hardeman, Council Place 1
Jimmy Lambert, Council Place 2

Brian G. Montini, Mayor Pro Tem
Roger Sessions, Council Place 4
Danny Simpson, Council Place 5

Town Council Agenda
Thursday, February 28, 2019 at 7:00 pm
1500 Commons Circle Suite 300 – Chamber Room
Northlake, Texas 76226

Notice is hereby given as required by Title 5, Chapter 551.041 of the Government Code that the Northlake Town Council will meet in a work session and regular meeting on **Thursday, February 28, 2019** at **7:00 pm** at the Northlake Town Hall in the **Chamber Room, 1500 Commons Circle, Suite 300, Northlake Texas**. The items listed below are placed on the agenda for discussion and/or action

1. Call Regular Work Session to Order

2. Special Recognition
   Public Works Employee Mark Toler, 5 Years of Service
   Police Department Employee Douglas Williams, 5 Years of Service
   Police Office of the Year

3. Briefing Items
   A. 2018 Financial Audit Presentation
   B. Request to amend Mixed-Use Planned Development (MPD) zoning Ordinance No. 14-0410 to add RV Storage and RV Park as permitted uses on Tract B, an approximately 34.6-acre tract of land located on the west side of Cleveland-Gibbs Road approximately 1,300 feet north of Edna Lane. Case # PD-19-001
   C. Website Redesign

4. Regular Meeting to Order
   Pledge of Allegiance-Moment of Silence

5. Public Input
   This item is available for citizens to address the Town Council on any issues that are not the subject of a public hearing. No action by law may be taken on the topic. The presiding officer reserves the right to impose a time limit on this portion of the agenda

6. Consent Items
   All items listed below are considered routine by Town Council and will be enacted with one motion. There will be no separate discussion of items unless a Councilmember so requests, in which event the item will be removed and considered separately

   D. Consider for approval the Town Council meeting minutes of 1-24-19

E. Consider for approval a resolution designating the months of March and September as Beautification Months in Northlake (Resolution No. 19-4)

F. Consider for approval the Management and Improvement Services Agreement Northlake Public Improvement District No. 1 (Harvest Residential) between the Town of Northlake and FirstService Residential

G. Consider for approval an interlocal agreement between the Town of Northlake and Town of Argyle to amend each Town's respective retail sewer service areas to be consistent with the town limits and extraterritorial jurisdiction for each Town

7. Regular Items
   H. Consider for approval the Interlocal Cooperation Agreement between the Town of Northlake and Belmont Fresh Water Supply District No. 1 of Denton County for the use of pavers on Old Justin Road

   I. Consider acceptance of the FY 2018 Financial Audit ending September 30, 2018

8. Convene into Executive Session
   Pursuant to Texas Government Code, annotated, Chapter 551 Subchapter D:
   a. Section 551.071 authorizes a governmental body to consult with its attorney in an executive session to seek his or her advice on a legal matter. It provides as follows: A governmental body may not conduct a private consultation with its attorney except:
      1) When the governmental body seeks the advice of its attorney about:
         (a) Pending or contemplated litigation; or
         (b) Supreme Court of Texas - Town of Northlake vs City of Justin. No. 18-0651
         (c) Case # FP 18-020 considered by the Town at the January 24, 2019 Town Council meeting; or
         (d) Eminent domain actions to obtain right-of-way out of a certain 3.530 acre tract of land located in the Patrick Rock Survey, Abstract No. 1063 in Northlake, Denton County, Texas, for the construction and maintenance of roadway and utility improvements and other public purposes permitted by law
   b. Section 551.071 consultation with the Town's attorney to seek advice on eminent domain actions to obtain right-of-way out of a certain 3.530 acre tract of land located in the Patrick Rock Survey, Abstract No. 1063 in Northlake, Denton County, Texas, for the construction and maintenance of roadway and utility improvements and other public purposes permitted by law
   c. Section 551.087 Economic Development negotiations for Hotel Conference Center Incentives

Open Session

9. Adjournment

CERTIFICATION

I hereby certify that the above agenda was posted on the front glass doors and bulletin board at Town Hall 1500 Commons Circle, Suite 300, Northlake, Texas on Thursday, February 21, 2019 by 7:00 pm

Shirley Rogers

Shirley Rogers, Town Secretary

NOTE: The Town Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above as authorized by Texas Government Code Section 551.071 (Consultation with Attorney); Section 551.072 (Deliberations about Real Property); 551.073 (Deliberations about Gifts and Donations); 551.074 (Personnel Matters); 55.076 (Deliberations about Security Devices): 551.087 (Economic Development Negotiations)

Peter Dewing, Mayor
Rena Hardeman, Council Place 1
Jimmy Lambert, Council Place 2

Brian Montini, Mayor Pro Tem
Roger Sessions, Council Place 4
Danny Simpson, Council Place 5

Town Council Agenda Addendum No. 1
Thursday, February 28, 2019 at 7:00 pm
1500 Commons Circle, Suite 300 – Chamber Room
Northlake, Texas 76226

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The following item is added to the Regular Items

7. Regular Items

   Consider for approval the Order of Cancellation for the May 4, 2019 General Election

CERTIFICATION

I hereby certify that the above agenda was posted on the front glass doors and bulletin board at Town Hall 1500 Commons Circle, Suite 300, Northlake, Texas on Thursday, February 25, 2019 by 4:00 pm

Shirley Rogers

Shirley Rogers, Town Secretary

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Town Council Agenda
Thursday, February 28, 2019 at 7:00 pm
1500 Commons Circle Suite 300 – Chamber Room
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   Pledge of Allegiance-Moment of Silence

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         (c) Case # FP 18-020 considered by the Town at the January 24, 2019 Town Council meeting; or
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   Open Session

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Shirley Rogers

Shirley Rogers, Town Secretary

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Regular Work Session

Agenda Item 1

Special Recognition

Agenda Item 2

NORTHLAKE LOGO

IN RECOGNITION AND APPRECIATION COMMEMORATING

FIVE YEARS OF EXEMPLARY SERVICE

TO THE

TOWN OF NORTHLAKE

THIS PLAQUE IS PRESENTED TO

DOUGLAS WILLIAMS

DETECTIVE

NORTHLAKE POLICE DEPARTMENT

2014 - 2019

BY

PETER DEWING - MAYOR

BRIAN MONTINI - MAYOR PRO TEM

RENA HARDEMAN - COUNCIL MEMBER

JIMMY LAMBERT – COUNCIL MEMBER

ROGER SESSIONS – COUNCIL MEMBER

DANNY SIMPSON – COUNCIL MEMBER

NORTHLAKE LOGO

IN RECOGNITION AND APPRECIATION COMMEMORATING

FIVE YEARS OF EXEMPLARY SERVICE

TO THE

TOWN OF NORTHLAKE

THIS PLAQUE IS PRESENTED TO

MARK TOLER

PUBLIC WORKS DEPARTMENT INSPECTOR

2014 - 2019

BY

PETER DEWING - MAYOR

BRIAN MONTINI – MAYOR PRO TEM

RENA HARDEMAN – COUNCIL MEMBER

JIMMY LAMBERT– COUNCIL MEMBER

DANNY SIMPSON – COUNCIL MEMBER

ROGER SESSIONS – COUNCIL MEMBER

Briefing Items

Agenda Item 3

1500 Commons Circle, Suite 300
Northlake, TX 76226
940-648-3290
Fax 940-648-0363

Town of Northlake

Memo

To: Honorable Mayor and Town Council

From: Nathan Reddin, Development Director

CC: Drew Corn, Town Administrator
Shirley Rogers, Town Secretary

Date: February 28, 2019

Re: MPD Amendment to add RV Storage and RV Park as permitted uses

---

G&A|McAdams has submitted a request on behalf of Henry Investment Group, the owner of an approximately 150-acre tract of land zoned Mixed-Use Planned Development, to amend the MPD by adding RV Storage and RV Park as permitted uses on a 34.6-acre portion of the site referred to as Tract B.

The MPD zoning for the property was adopted with the approval of Ordinance No. 14-0410 on April 10, 2014. It allows for a mix of uses in compliance with the future land uses identified in the Comprehensive Plan as well as the Industrial Sector Plan. The MPD divides the property into two tracts referred to as Tract A and Tract B. The two tracts are divided by the floodplain that naturally divides the property. Both tracts provide for the same mix of industrial and mixed uses as specified in the ordinance. Agricultural uses are permitted by right without site plan approval, but all other permitted uses require site plan approval. A site plan will set the detailed standards for these uses. The primary difference between Tract A and Tract B is the development standards allowed. Tract B allows pre-engineered metal buildings systems with architectural enhancements including a combination of windows, architectural features, and articulated fronts and roofs. Front facades of buildings facing an arterial or collector may not be metal and must be masonry. Tract B's more relaxed development standards were justified due to its proximity to unregulated development in the surrounding ETJ. No metal facades are allowed on Tract A.

This request is to only amend the permitted uses of Tract B. No other changes are requested. The applicant will brief the Council on their proposal. A copy of the letter of request is attached as well as the current MPD Ordinance No. 14-0410. A public hearing on the proposed amendment will be scheduled for the March 28th Town Council meeting, and following the public hearing the Town Council may act on an ordinance to amend the MPD.

Please contact me at 940.242.5703 if you have any questions about this request.

January 23, 2019

Mr. Nathan Reddin
Development Director
Town of Northlake
1400 FM 407
Northlake, TX 76247

RE: Zoning Change Request – RV Storage & Park
Letter of Intent
G&A Job No. 18157

Mr. Reddin:

Please accept this letter, on behalf of Henry Investment Group, as an explanation of the proposed Zoning Change Request for approximately 34.6 acres of land located on Cleveland Gibbs Road north of Edna Street. The property is currently zoned M-PD based on Ordinance NO. 14-0410.

The subject tract is identified as Tract B – Mixed Use and Industrial in the adopted PD. This is request is to amend the permitted uses for the tract to include RV storage and RV park. No other amendments to the PD are proposed at this time and the proposed development will meet all of Town's regulations.

This development has been discussed with the Town and we believe it is an appropriate use given the surrounding uses. The storage of RV vehicles will be compatible with the industrial uses west of the airport and east of this site. Further, the RV park will buffer the residential development to the south from more intense uses that are currently allowed in the PD. We are pleased to bring you this project and respectfully request your support for this zoning amendment. Thank you in advance for your consideration. Please do not hesitate to contact me with any questions or comments.

Sincerely,
G&A | MCADAMS

Doug Powell

Doug Powell, AICP
Principal Planner, Planning + Entitlement

cc: David Henry, Henry Investment Group

111 Hillside Drive, Lewisville, TX 75057 / 972. 436. 9712

TOWN OF NORTHLAKE, TEXAS

ORDINANCE NO. 14-0410

AN ORDINANCE AMENDING ORDINANCE NO. 13-0124A BEING THE NORTHLAKE UNIFIED DEVELOPMENT CODE AS AMENDED, BY ESTABLISHING THE ZONING CLASSIFICATION AND DEVELOPMENT STANDARDS OF CERTAIN PROPERTY IN THE TOWN OF NORTHLAKE AS DESCRIBED IN EXHIBIT "A" AND REVISING THE OFFICIAL ZONING MAP IN ACCORDANCE THEREWITH; BEING PARTICULARLY DESCRIBED AS A 150.8949 ACRE TRACT OF LAND IN THE TOWN OF NORTHLAKE, DENTON COUNTY, TEXAS; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Northlake, as an incorporated municipality in the State of Texas, has been given the authority by Chapter 211 of the Local Government Code to establish zoning and amend zoning in accordance with Chapter 211; and

WHEREAS, the Town Council of the Town of Northlake heretofore adopted Ordinance No. 13-1024A establishing the Unified Development Code which contains the zoning regulations of the Town of Northlake; and

WHEREAS, the Unified Development Code and Official Zoning Map established the zoning of "RR" Rural Residential for a 150.8949 acre tract of land located in the Abraham M. Gawltney Survey, Abstract 501; W. M. Murray Survey, Abstract 890; R. W. Terrell Survey, Abstract 1651; John White Survey, Abstract 1397; F. M. Woodward Survey, Abstract 1420 in the Town of Northlake, Denton County, Texas; and

WHEREAS, the Town of Northlake heretofore adopted Ordinance No. 09-0409A on April 9, 2009 The Northlake Vision and Comprehensive Plan Update and Ordinance No. 12-0726B on July 26, 2012 The Northlake Industrial Sector Plan and this rezoning complies with the recommendations of the plans; and

WHEREAS, all requirements of Chapter 211 of the Local Government Code, and all other laws dealing with notice, publication and procedural requirements for zoning of property have been complied with; and

WHEREAS, a public hearing was held by the Town Council of the Town of Northlake on April 10, 2014 with respect to the zoning change described herein; and

WHEREAS, the Town Council of the town of Northlake does hereby deem it advisable and in the public interest to approve a MIXED-USE PLANNED DEVELOPMENT (MPD) on this property.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF NORTHLAKE, TEXAS:

SECTION 1

The 150.8949 acres of property described in Exhibit "A" shall be zoned MPD Mixed-Use Planned Development with development standards as provided in Exhibit "B" and the Concept Plan as provided in Exhibit "C" attached hereto.

SECTION 2

The use of the property described in Exhibit "A" shall be subject to all applicable regulations contained in the Development Standards provided in Exhibit "B", the Unified Development Code and all other applicable and pertinent ordinances of the Town of Northlake.

SECTION 3

This ordinance shall be and is hereby declared to be cumulative of all other ordinances of the Town of Northlake, and this ordinance shall not operate to repeal or affect the Code of Ordinances of the Town of Northlake or any other ordinances except insofar as the provisions thereof conflict with the provisions of this ordinance, in which event such conflicting provisions, if any, in such Code of Ordinances or any other ordinances are hereby repealed but only as to the property described in Exhibit A attached hereto.

SECTION 4

It is hereby declared to be the intention of the Northlake Town Council that the phrases, clauses, sentences, paragraphs, and sections of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of any court or competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs or sections of this ordinance, since same would have been enacted by the Town Council without the incorporation in this ordinance of any such unconstitutional phrase, clause, sentence, paragraph or section.

SECTION 5

Any person, firm, association of persons, corporation or other organization violating the provisions of this ordinance shall be deemed to be guilty of a misdemeanor and, upon conviction, shall be fined an amount not to exceed $2,000.00. Each day that a violation continues shall be deemed a separate offence.

SECTION 6

This ordinance shall take effect immediately from and after its passage and publication in accordance with the provisions of the laws of the State of Texas.

PASSED AND APPROVED on this the 10TH day of APRIL 2014

TOWN OF NORTHLAKE, TEXAS

Peter Dewing, Mayor

ATTEST:

Shirley Rogers, Town Secretary

EXHIBIT A

PROPERTY DESCRIPTION

Being a 6,572,980 square feet or a 150.8949 acre tract of land situated in the William Murray Survey, Abstract No. 890, the Abraham M. Gawltney Survey, Abstract No. 501, the John White Survey, Abstract No. 1397, the R. W. Terrell Survey, Abstract No. 1651 and the F. M. Woodward Survey, Abstract No. 1420, Denton County, Texas, said tract being conveyed to PBBM Northlake, Ltd. by deed recorded in Inst. No. 2003-152352, Deed Records of Denton County, Texas, and being more particularly described as follows:

BEGINNING at a found 60d nail for a corner at the intersection of the east line of the said Gawltney Survey and the west line of the G. Ramsdale Survey, Abstract No. 1128 and the south line of the said Woodward Survey, said point being the most easterly northeast corner of the said 150.8949 acre tract;

THENCE, S 00°02'17" E, with the common line of the said Gawltney and Ramsdale Surveys and with the east line of the said 150.8949 acre tract and the approximate center line of Cleveland-Gibbs Road (an undedicated right of way), a distance of 862.88 feet to a found PK nail for a corner, said point being the southeast corner of the said 150.8949 acre tract and the northeast corner of a called 5.118 acre tract of land conveyed to Robert P. Haddock by deed recorded in Volume 1630, Page 552, Deed Records of Denton County, Texas;

THENCE, S 66°52'57" W, departing the center line of Cleveland-Gibbs Road and with the southeast line of the said 150.8949 tract and the northwest line of the said 5.118 acre tract, passing at a called distance of 338.28 feet the northwest corner of the said 5.118 acre tract and the northeast corner of a called 2.496 acre tract of land conveyed to Robert P. Haddock by deed recorded in Volume 1689, Page 31, Deed Records of Denton County, Texas, passing at a called distance of 438.28 feet the northeast corner of a tract of land conveyed to the United States of America by deed recorded in the Deed Records of Denton County, Texas, continuing in all a distance of 2071.39 feet to a found Corps of Engineers monument for a corner;

THENCE, the following courses and distances with the northerly line of the said United States of America tract:

- N 73°47'00" W, a distance of 2117.60 feet to a found ½ inch iron rod for a corner;
- S 70°50'00" W, a distance of 406.00 feet to a set 5/8 inch iron rod for a corner;
- N 73°01'00" W, a distance of 311.60 feet to a found Corps of Engineers monument for a corner;
- N 11°00'00" E, a distance of 288.38 feet to a found TXDOT concrete monument for a corner in the southeast line of Interstate Highway 35W (a 360 foot right of way);

THENCE, the following courses and distances with the southeast line of Interstate Highway 35W:

- N 34°32'13" E, a distance of 1728.22 feet to a found TXDOT concrete monument for a corner;
- N 23°53'30" E, a distance of 193.27 feet to a found ½ inch iron rod for a corner, said point being in the north line of the said 150.8949 acre tract;

THENCE, S 89°45'47" E, departing the southeast line of Interstate Highway 35W and with the north line of the said 150.8949 acre tract, a distance of 892.12 feet to a found ½ inch iron rod for a corner;

THENCE, S 00°04'04" E, with the east line of the said 150.8949 acre tract, a distance of 741.42 feet to a found 60d nail in a fence post for a corner, said point being in the common line of the said Gawltney and Woodward Surveys;

THENCE, S 89°45'10" E, with the common line of the said Gawltney and Woodward Surveys and the north line of the said 150.8949 acre tract, a distance of 2613.28 feet to the Point of Beginning.

EXHIBIT B
DEVELOPMENT STANDARDS
+/- 150.8949ACRES
Mixed-use Planned Development District (MPD)

1.0 Tract A – Mixed Use and Industrial (Approximately 116.32 Acres)

1.01 General Description: Tract A provides flexibility to allow for commercial, retail, office, multi-family, and light industrial uses in a planned environment.

1.02 Permitted uses by right:

AGRICULTURAL USES
Farm, ranch, or orchard
Recreational ranch or farm (Dude Ranch)
Stables, Commercial
Stables, Private

1.03 Permitted uses with site plan approval:

RESIDENTIAL USES
Assisted Care or Living Facility
Multi-family dwelling (Maximum dwelling units established on final site plan)
Live / work units*

EDUCATIONAL AND INSTITUTIONAL USES
Church / Place of Worship
Community Service
Hospital, Sanitarium, nursing or convalescent home
Museum
Parks and Playgrounds
School, College or Trade (Private)
School, College or Trade (Public)
School, primary and secondary (Private)
School, primary and secondary (Public)
Semi-public Halls, Clubs and Lodges
Transit Facility

COMMERCIAL, OFFICE AND SERVICE USES
Amusement / Gaming Devices (Arcade)
Amusement / Recreation (Indoor)
Amusement / Recreation (Outdoor)
Auto Repair and Service
Auto Sales
Bank
Bed and Breakfast
Car wash
Day Care
Gasoline Station / Fuel Pumps
Greenhouse or nursery

Heavy Equipment Sales, Service or Rental
Hotel or motel
Laundry/dry cleaning; pick-up and/or self service
Office / Professional Service
Personal Services
Restaurant
Retail / Commercial
Veterinarian Clinic and/or Kennel

MANUFACTURING AND INDUSTRIAL USES
Asphalt/concrete batching plant
Asphalt/concrete batching (temporary)
Aviation Facility
Gas Drilling/Production
Laundry or Dyeing Plant
Light Manufacturing or Assembly (inside)
Outdoor Storage (screened from view)
Research Facility
Warehousing / Distribution Center
Self-Storage / Mini warehouses

UTILITY, ACCESSORY & INCIDENTAL USES
Accessory Building
Basic Utilities
Home Occupation
Outdoor Recreation Area
Outdoor Recreation Area (lighted)
Satellite Transmit Station
Telecommunications Antennas (See Section 8.6 of the UDC)
Wind Energy Conversion Systems

- A live/work unit is defined as a single unit consisting of both a commercial/office and a residential component that is occupied by the same resident.

1.04 Location of Uses: The location of permitted uses shall be provided in a detailed site plan and may require additional site development standards, based on adjacency and site location.

1.05 Density: The overall allowed density for Tract A shall be determined through review and approval of a site plan.

1.06 Dimensional Standards: All dimensional standards including lot size, building separation, floor area, floor area ratio, lot coverage and height shall be determined through review and approval of a site plan.

1.07 Design Standards: Development will conform to the minimum design standards in Article 9, Design Standards of the UDC, unless otherwise approved in revised development standards for this MPD.

1.08 Development Standards: Development will conform to the minimum standards in the UDC unless specified otherwise in Exhibit B of this MPD or unless revised.

1.09 Landscape Standards: Development will conform to the minimum standards in the UDC. In addition, a minimum 20' landscaped buffer and coordinated entryway plantings and signage along I-35 West shall be provided to present a high-quality front-door to the development. A minimum 15' landscape buffer and coordinated entryway plantings shall be provided along all collector and arterial streets. Thirteen and one-half percent of the site area shall be maintained in open space.

1.10 Site Plan Approval: Shall be based on UDC standards at the time of development. Site Plan applications shall be processed as a zoning application and meet all notice and public hearing requirements of the UDC, and upon approval the Site Plan shall be considered an exhibit of this Ordinance.

2.00 Tract B – Mixed Use and Industrial (Approximately 34.58 Acres)

2.01 General Description: Tract B permits the use of additional building materials. Development standards are the same as those in Tract A.

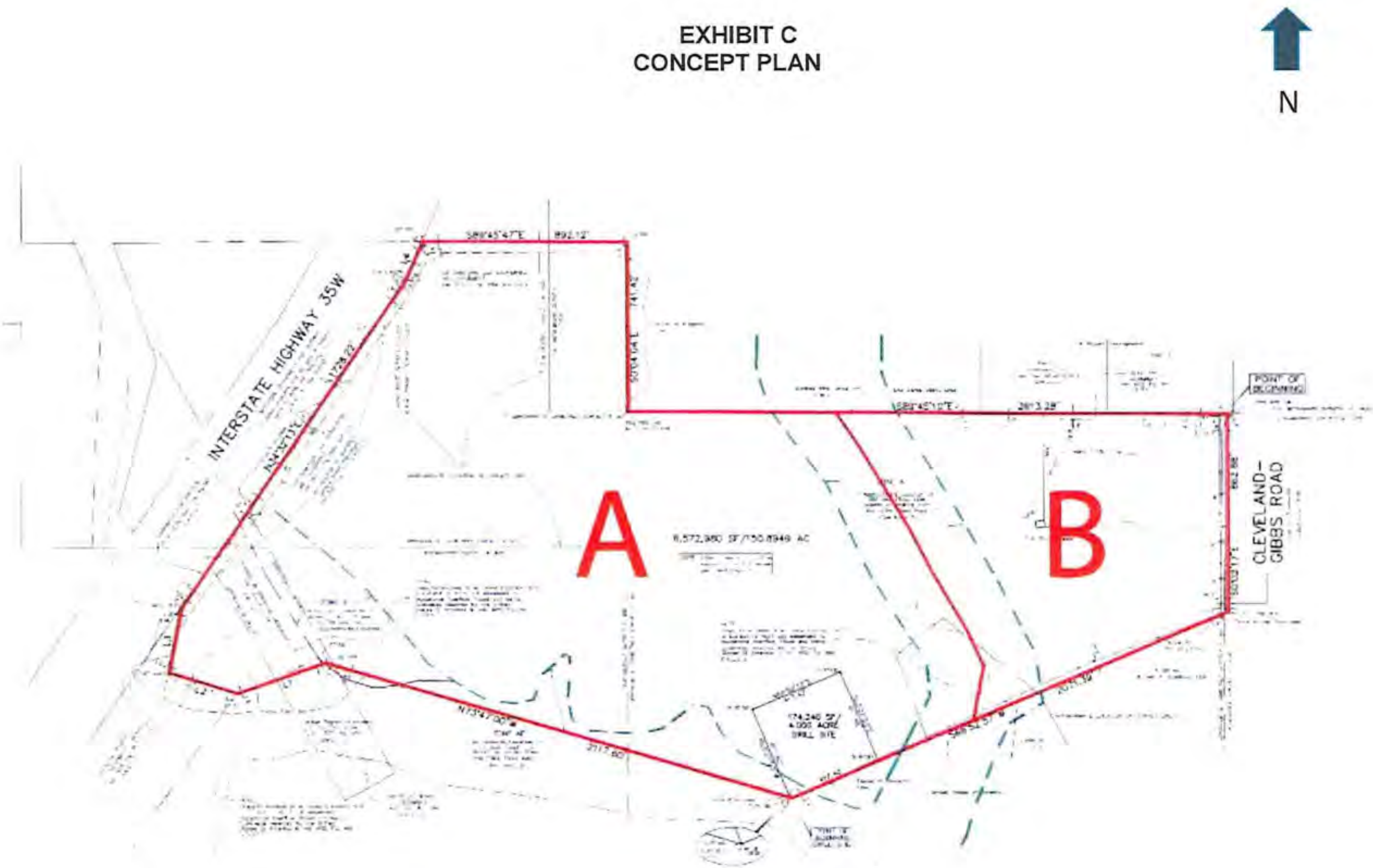
2.02 Permitted Uses: Land uses permitted within Tract B are the same as permitted in Tract A.

2.03 Development Standards: Development standards for Tract B are the same as those for Tract A, with the following additional provisions:

In addition to the materials permitted in Tract A, Tract B development may be comprised of pre-engineered metal building systems, steel or aluminum, if they meet one of the following conditions:

a. Have masonry front facades when facing an arterial or collector (in compliance with building material requirements).
b. If not facing an arterial or collector, are architecturally enhanced with a combination of windows, architectural features, or articulated fronts and roofs.

EXHIBIT C
CONCEPT PLAN



TRACT A Mixed-Use Planned Development, primarily mixed uses. Permits agricultural uses by right and non-residential uses (including industrial) and multi-family uses by site plan approval. (See Exhibit for list of uses) Does not permit metal buildings. Standards applied at time of site plan approval will be consistent with UDC requirements.

TRACT B Mixed-Use Planned Development, primarily mixed uses. Permits agricultural uses by right and non-residential uses (including industrial) and multi-family uses by site plan approval. (See Exhibit B for list of uses) Tract B permits the use of additional building materials, as provided in Exhibit B. Standards applied at time of site plan approval will be consistent with UDC requirements.

1500 Commons Circle, Suite 300
Northlake, TX 76226
940-648-3290
Fax 940-648-0363

Town of Northlake

Memo

To: Honorable Mayor and Town Council

From: Nathan Reddin, Development Director

CC: Drew Corn, Town Administrator
Shirley Rogers, Town Secretary

Date: February 28, 2019

Re: Website redesign

Funds to redesign the Town's website were approved in the FY 2018 budget, and Council authorized a contract with CivicPlus on November 9, 2017 for redesign and hosting of the Town's website. CivicPlus is a leading provider of municipal websites and has developed many tools specific to municipal use which will make our website more user friendly and more efficient to update while also better providing better tools for communication including integration with social media.

Staff worked with CivicPlus over the past year to redesign the website which last went through a full redesign in 2009. As we work on the finishing touches of the redesign project, the new website is tentatively set to launch on March 4th. I look forward to presenting you the new website prior to it going public.

Please contact me at 940-242-5703 if you have any questions or comments.

Regular Session

Agenda Item 4

NORTHLAKE
TEXAS

Public Input

Agenda Item 5

Consent Items

Agenda Item 6

Peter Dewing, Mayor
Rena Hardeman, Council Place 1
Jimmy Lambert, Council Place 2

Brian Montini, Mayor Pro Tem
Roger Sessions, Council Place 4
Danny Simpson, Council Place 5

Town Council Meeting Minutes
Thursday, January 24, 2019
1500 Commons Circle Suite 300 – Chamber Room
Northlake, Texas 76226

1. Mayor Peter Dewing called the regular work session to order at 7:00 pm, quorum present

Council present:	Peter Dewing, Rena Hardeman, Jimmy Lambert, Brian Montini, Roger Sessions, Danny Simpson (arrived 9:20 pm)
Staff present:	Drew Corn, Town Administrator; Nathan Reddin, Development Director; Robert Crawford, Chief of Police; Eric Tamayo, Public Works Director; Karen Bolyard, Finance Director; and Shirley Rogers, Town Secretary
Consultants present:	Ashley Dierker, Legal Counsel; Ben McGahey, PE, Town Engineer

2. Briefing Items
   A. Mayor Pro Tem Montini asked for this item to be placed on the agenda on behalf of Councilmember Hardeman regarding safety concerns of Northlake citizens and Denton County citizens who travel along FM 407 and would like the Northlake Town Council to request that TxDOT limit all future access to FM 407 to one access point per development until such time as FM 407 is expanded to either a 4 or 6 lane divided highway

   Drew Corn did a presentation on TxDOT Access Regulations which included TxDOT driveway separation and speed limits, Northlake driveway separation, fire code considerations, planning cooperation. Corn stated the County is pushing to make FM 407 a 4-lane divided highway with additional two lanes, right-of-way has been donated along the south side and most of the north side

   Councilmember Hardeman stated residents had concerns about traffic safety and excessive driveways on FM 407, her purpose for this item was to limit access to FM 407 until the road project was complete. She and Councilmember Lambert attending a TxDOT meeting in December which TxDOT stated the road was 5-9 years out from construction completion

   Mayor Dewing stated he had attended TxDOT meetings on FM 407and is working with them on the 4-lane divided road. Per TxDOT traffic counts, 8,000 vehicles per day travel on FM 407 from IH35W to FM 156, 6,300 vehicles travel on pass Florance Road towards Justin

   Mayor Pro Tem Montini instructed staff to look at a legal way to temporary limit access to FM 407, to look at EDM (Northlake Engineering Design Manual) and lower the minimum service level from a ‘C’ to ‘D’

By general consent, the council convened into Executive Session at 7:29 pm to discuss the items listed:

Pursuant to Texas Government Code, annotated, Chapter 551 Subchapter D:

a. Section 551.071 authorizes a governmental body to consult with its attorney in an executive session to seek his or her advice on a legal matter. It provides as follows: A governmental body may not conduct a private consultation with its attorney except:
   1) When the governmental body seeks the advice of its attorney about:
      (a) Pending or contemplated litigation;
      (b) Supreme Court of Texas - Town of Northlake vs City of Justin. No. 18-0651;
      (c) Section 551.071 consultation with the Town's attorney to seek advice on eminent domain actions to obtain right-of-way out of a certain 3.530-acre tract of land located in the Patrick Rock Survey, Abstract No. 1063 in Northlake, Denton County, Texas, for the construction and maintenance of roadway and utility improvements and other public purposes permitted by law; or
      (d) Item J: Case # FP-18-02
   2) Section 551.072 deliberation regarding the purchase, exchange, lease, or value of real property to be acquired as right-of-way out of a certain 3.530-acre tract of land located in the Patrick Rock Survey, Abstract No. 1063 in Northlake, Denton County, Texas, for the construction and maintenance of roadway and utility improvements and other public purposes permitted by law

The Mayor reconvened the council into open session at 8:04 pm

No action taken as a result of discussions in closed session

B. FY 19 Quarterly Investment Review given by Karen Bolyard

C. FY 19 Quarterly Budget Update given by Karen Bolyard

3. Mayor Dewing called the regular meeting to order at 8:14pm, quorum present (Simpson absent)

   Pledge of Allegiance to the US Flag and a Moment of Silence was observed

4. Public Input
   - Scott Mitchell, resident of Prairie View Farms Subdivision talked about the lift station located on Old Justin Road behind his property. Asked the council to consider extending the fence a couple of more feet in height, find a way to muffle the noise levels and possibly look at providing some sort of roofing over the site. Appreciated staff meeting with him, explaining everything and working with him on his concerns

   - Bill Moore, resident of Prairie View Farms Subdivision, as an EDC member attended the ICSC Red River Conference in Fort Worth. Was impressed with the respect and confidence in both Drew Corn and Nathan Reddin as they talked with the retail companies. Appreciated their effort and work done at the conference. He also supported his neighbor Scott Mitchell on his concerns with the lift station behind his property. Appreciated Drew Corn working directly with the District, can see progress were being made on the concerns presented to staff

5. Consent Items

   Mayor Dewing pulled items E & F at the request of Councilmember Hardeman for further discussion

   Mayor Dewing pulled items G & H at the request of Mayor Pro Tem Montini for further discussion

Mayor Pro Tem Montini motion to approve items D & I. 2nd by Councilmember Hardeman

Vote:	motion passed unanimous
For:	Montini, Hardeman, Lambert, Sessions
Against:	None
Absent:	Simpson

D. Town Council meeting minutes of 12-13-18

I. Resolution 19-3 authorizing the execution and delivery of a continuing disclosure agreement with Trinity River Authority of Texas

Councilmember Sessions made the motion to approve Consent Items E & F. 2nd by Councilmember Lambert

Vote:	motion passed unanimous
For:	Sessions, Lambert, Hardeman, Montini
Against:	None
Absent:	Simpson

E. Resolution No. 19-1 of the Town Council of the Town of Northlake, Texas authorizing and calling a General Municipal Election to be held on Saturday, May 4, 2019 for the purpose of electing one citizen for Mayor and two citizens to Places 4 & 5; authorizing the notice of election; authorizing a joint election with other Denton County political subdivisions; authorizing the Town Administrator to enter into a contract with Denton County, Texas for election

F. Resolution No. 19-2 declaring certain personal property owned by the Town to be surplus property and authorizing the Town Administrator to dispose of such property

G. Mayor Pro Tem Montini made the motion to approve the Interlocal Cooperation Agreement between Town of Northlake and Northlake Municipal Management District No. 1 for the use of brick pavers. 2nd by Councilmember Sessions

Vote:	motion passed unanimous
For:	Montini, Sessions, Lambert, Hardeman
Against:	none
Absent:	Simpson

H. Mayor Pro Tem Montini made the motion to table an Interlocal Cooperation Agreement between the Town of Northlake and Belmont Fresh Water Supply District No. 1 of Denton County the use of brick pavers. 2nd by Councilmember Sessions

Vote:	motion passed unanimous
For:	Montini, Sessions, Lambert, Hardeman
Against:	none
Absent:	Simpson

6. Regular Items

J. Mayor Pro Tem Montini made the motion to deny the Final Plat of Lot 1, Block A, UST Addition, a 22.32-acre tract of land out of the Patrick Rock Survey, Abstract No. 1063, generally located in the extraterritorial jurisdiction (ETJ) of the Town of Northlake at the northeast corner of FM 407 and Kay Lane. US Trinity

Holdings, LLC is the owner/applicant. Burks Land Surveying is the surveyor. Case # FP-18-020. 2nd by Councilmember Lambert

Vote:	motion passed unanimous
For:	Montini, Lambert, Hardeman, Sessions
Against:	none
Absent:	Simpson

K. Councilmember Lambert made the motion to approve the Final Plat of Right-of-way Dedication for Old Justin Road, being a 4.892-acre tract of land in the Patrick Rock Survey, Abstract No. 1063, located within the extraterritorial jurisdiction of the Town of Northlake between Cleveland-Gibbs Road and approximately 440 feet east of Harvest Way. Belmont 407, LLC is the owner/applicant. Jones & Carter, Inc. is the engineer/surveyor. Case # FP-19-001. 2nd by Mayor Pro Tem Montini

Vote:	motion passed unanimous
For:	Lambert, Montini, Hardeman, Sessions
Against:	none
Absent:	Simpson

L. Mayor Pro Tem Montini made the motion to approve the Final Plat of Pecan Square Phase 1A, a subdivision consisting of 197 residential lots and 21 open space lots on approximately 64.486 acres of land in the A. McDonald Survey, Abstract No. 785, generally located south of FM 407 approximately 1,200 feet east of Faught Road, and zoned Mixed-Use Planned Development (MPD). Pecan Square Phase 1, LLC is the owner/applicant. Kimley-Horn and Associates, Inc. is the engineer/surveyor. Case # FP-18-003.

Vote:	motion failed for a lack of second, no further action taken

M. Mayor Pro Tem Montini made the motion to approve the Final Plat of Pecan Square Phase 1B, a subdivision consisting of 250 residential lots and 6 open space lots on approximately 55.846 acres of land in the A. McDonald Survey, Abstract No. 785, and the F.W. Thornton Survey, Abstract No. 1244, generally located south of FM 407 approximately 1,200 feet east of Faught Road, and zoned Mixed-Use Planned Development (MPD). Pecan Square Phase 1, LLC is the owner/applicant. Kimley-Horn and Associates, Inc. is the engineer/surveyor. Case # FP-18-004. 2nd by Councilmember Sessions

Vote:	motion passed unanimous
For:	Montini, Sessions, Lambert, Hardeman
Against:	none
Absent:	Simpson

Councilmember Danny Simpson arrived at 9:20 pm

N. Councilmember Sessions made the motion to approve the Final Plat of Pecan Square Phase 1C, a subdivision consisting of 206 residential lots and 1 open space lot on approximately 40.876 acres of land in the F.W. Thornton Survey, Abstract No. 1244, generally located south of FM 407 approximately 1,200 feet east of Faught Road, and zoned Mixed-Use Planned Development (MPD). Pecan Square Phase 1, LLC is the owner/applicant. Kimley-Horn and Associates, Inc. is the engineer/surveyor. Case # FP-18-005. 2nd by Councilmember Simpson

Vote:	motion passed unanimous
For:	Sessions, Simpson, Montini, Lambert, Hardeman
Against:	none

O. Councilmember Simpson made the motion to approve the Preliminary Plat of Pecan Square Phase 1D, a subdivision consisting of 22 residential lots and 2 open space lots on approximately 6.560 acres of land in the A. McDonald Survey, Abstract No. 785, generally located south of FM 407 approximately 1,200 feet east of Faught Road, and zoned Mixed-Use Planned Development (MPD). Kimley-Horn and Associates, Inc. is the engineer/surveyor. Case # PP-18-003. 2nd by Councilmember Sessions

Vote:	motion passed
For:	Simpson, Sessions, Montini, Lambert
Against:	Hardeman

P. Councilmember Simpson made the motion to approve the Final Plat of Pecan Square Phase 1D, a subdivision consisting of 22 residential lots and 2 open space lots on approximately 6.560 acres of land in the A. McDonald Survey, Abstract No. 785, generally located south of FM 407 approximately 1,200 feet east of Faught Road, and zoned Mixed-Use Planned Development (MPD). Kimley-Horn and Associates, Inc. is the engineer/surveyor. Case # FP-18-018. 2nd by Councilmember Sessions

Vote:	motion passed
For:	Simpson, Sessions, Montini, Lambert
Against:	Hardeman

7. Mayor Dewing adjourned the meeting at 9:36 pm

Passed and approved on this the 28th of February 2019

Town of Northlake, Texas

____
Peter Dewing, Mayor

Attest:

____
Shirley Rogers, Town Secretary

TOWN OF NORTHLAKE, TEXAS

RESOLUTION NO. 19-4

A RESOLUTION AUTHORIZING THE MAYOR TO PROCLAIM THAT THE TOWN OF NORTHLAKE, TEXAS, IS DESIGNATING THE MONTHS OF MARCH AND SEPTEMBER 2019 FOR BEAUTIFICATION PURPOSES

WHEREAS, the Town Council of the Town of Northlake, Texas wishes to proclaim the months of **March and September 2019** for beautification purposes; and

NOW, THEREFORE THE TOWN COUNCIL OF THE TOWN OF NORTHLAKE, TEXAS, HEREBY RESOLVES:

SECTION 1. To designate the months of April and September for all residents and property owners to clean-up, remove trash and debris from around their properties and along the highways and roads throughout the corporate limits of Town; and

SECTION 2. To designate **Saturday, March 16th and Saturday September 21st** for the collection date and to provide roll-off containers for larger items to be placed at the following location:

Public Works Building 1400 FM 407 Parking Lot

PASSED AND APPROVED ON THIS THE 28th DAY OF FEBRUARY 2019

Town of Northlake, Texas

____

Peter Dewing, Mayor

ATTEST:

____

Shirley Rogers, Town Secretary

Management and Improvement Services Agreement

Northlake Public Improvement District No. 1

(Harvest Residential)

This **MANAGEMENT AND IMPROVEMENT SERVICES AGREEMENT ("Agreement")** is made and entered into by and between the **Town of Northlake, Texas** ("the Town"), by and through Drew Corn, its duly authorized Town Administrator, and **First Service Residential Texas, Inc.,** a Texas corporation doing business as **FirstService Residential ("Contractor")** and acting by and through Cindy Huey, its duly authorized President.

RECITALS

The following statements are true and correct and constitute the basis upon which the Town and Contractor have entered into this Agreement:

WHEREAS, pursuant to Chapter 372 of the Texas Local Government Code on May 23, 2013, the Town Council of the Town of Northlake adopted Resolution No. 13-10 creating Northlake Public Improvement District No. 1 (the **"District");** and

WHEREAS, the Town is authorized to utilize the District to undertake improvements and/or services that confer special benefits on the part of the Town within the District; and

WHEREAS, the Town Council is authorized to levy and collect special assessments on property in the District, based on the special services conferred by the improvements and/or services, to pay the cost of such improvements and services; and

WHEREAS, the Town desires to enter into a written agreement with Contractor for the provision of certain improvements and services in the District, as more specifically set forth in this Agreement; and

WHEREAS, such improvements and services constitute a supplement to standard Town services and an added increment of service to provide other special benefits and services which will enhance the vitality and quality of the District; and

WHEREAS, Contractor wishes to assist the Town by providing, furnishing, or performing such improvements and services;

NOW, THEREFORE, for and in consideration of the mutual covenants, promises, and agreements contained herein, the Town and Contractor do hereby covenant and agree as follows:

AGREEMENT

1. ENGAGEMENT OF CONTRACTOR

The Town hereby engages the Contractor, and the Contractor hereby agrees to provide, furnish, oversee or perform in accordance with this Agreement the improvements and/or services set forth in Section 2.

2. IMPROVEMENTS AND SERVICES FOR THE DISTRICT

2.1. Scope of Contractor's Duties

Contractor shall provide or cause to be provided those improvements and services (the "Improvements and Services") set forth in and subject to the Service Plan and Budget for the District approved by the Town Council for the fiscal year covered by this Agreement (the "Service Plan and Budget") (which is attached hereto as Exhibit "C" and hereby made a part of this Agreement for all purposes), as may subsequently be amended, and the ordinance adopted by the Town Council levying assessments on properties in the District for such Improvements and Services (which ordinance is a public document on file in the Town Administrator's Office and is hereby incorporated for all purposes). Contractor shall also comply with the following related duties and responsibilities:

(a) Oversee the bidding and awarding of any third party contracts for the above-referenced Improvements and Services in accordance with the guidelines set forth in the Policy and Guidelines for Public Improvement Districts adopted by the Town Council pursuant to Resolution No. 13-10 (the "PID Policy"), a copy of which Contractor hereby certifies it has received and which is incorporated herein by reference for all purposes;

(b) Monitor work performed by any subcontractors for any of the above referenced Improvements and Services to ascertain that all such work is performed completely, professionally, and with the appropriate level of quality and to make whatever changes are necessary to achieve these objectives;

(c) Obtain, maintain and pay for insurance necessitated by the above referenced Improvements and Services, as may be directed or reviewed by the Town's Administrator or other designee;

(d) In accordance with Section 372.013 of the Texas Local Government Code and the PID Policy, prepare a Service Plan and Budget for the five (5) years following the fiscal year covered by this Agreement, to be adopted by the advisory body for the District or other entity designated by the Town and approved by the Town Council;

(e) Maintain a full and accurate accounting of disbursements for reimbursement from District revenues and all other financial reporting requirements set forth in the PID Policy;

(f) Comply with all other duties and responsibilities set forth in the guide lines of the PID Policy;

(g) Receive advance written approval by the Town's Administrator or his/her designee prior to any authorized construction or maintenance of capital improvements in any dedicated Town park.

2.2. Contractor Compensation

As full compensation for the provision of all Improvements and Services during the Term of this Agreement, the Town shall pay Contractor as per the schedule below. The budgeted amount for each year shall be reflected in the Service Plan and Budget as "Management Fee," which amount shall be paid in monthly installments in accordance with Section 6 hereof.

The monthly management fee is as follows: $1,000 for homes 51-250; $4.75 per home for homes 251-550; $4.50 per home for homes 551 to 850; $4.25 per home for homes 851-1,150; $4.00 per home for homes 1,151-1,750; $3.75 per home for homes 1,451 to 1,750; $3.50 per home for homes1,751-2,050; $3.15 per home for homes 2,050 and above. The management fee covers fees for routine services, including overhead expenses and salaries of Contractor's employees, general and administrative expenses, financial management, general administration and operations management.

If on-site administrative, maintenance and housekeeping personnel are required, they shall be employees of Contractor. The District shall reimburse for actual wages paid plus a labor burden of 25% for administrative personnel and 35% for all other personnel. Labor burden includes social security tax, federal/state unemployment tax, workers compensation insurance, Contractor's contribution to employee 401(k) benefit, drug testing, Texas criminal background checks, payroll processing and human resource administration. Single PPO medical benefits shall be provided to all eligible on-site staff members who are employees of Contractor at a cost to the District.

The management fee and cost for all personnel will be allocated 50% to the Harvest Residential Association and 50% to the Public Improvement District.

Exhibit A to this Agreement further describes administrative expenses for certain periodic routine services related to mailings, photocopying, sending of registered notices to members and other items, the cost of which shall be billable in accordance with this Agreement. Fee for periodic routine services are due and payable within ten days of billing and shall be billed in accordance with Exhibit A.

2.3. Standard of Care; Nature of Relationship

Contractor shall commence, carry on, and provide the Improvements and Services with all practicable dispatch, in a sound, economical, and efficient manner, in accordance with this contract and its attachments and all applicable laws. Contractor shall ensure that any work on the Improvements and Services is properly coordinated with related work being performed by the Town. Unless otherwise specifically provided herein, all of the Improvements and Services will be performed by the Contractor or under the Contractor's supervision. All personnel engaged by the Contractor shall be fully qualified to perform those Improvements and Services delegated to them.

2.4. Security and Police Services

Nothing in this Agreement shall preclude the Contractor from providing, as part of its Improvements and Services, additional security and police services to the District. Unless otherwise specifically provided herein, all of the Improvements and Services related to Security and Police Services will be performed by the Contractor or under the Contractor's supervision. All personnel engaged by the Contractor shall be fully qualified to perform those Improvements and Services delegated to them.

3. TOWN'S DUTIES AND RESPONSIBILITIES

The Town shall provide the following services in connection with operation of the District and the Contractor's performance under this Agreement:

(a) Levying and collecting, though the Town's agreement with the Denton County Tax Assessor/Collector, assessments and recording the same in a separate revenue account;

(b) Making payments to Contractor from special assessment revenues and other District revenues;

(c) Maintaining the same level of services in the District as that which the Town provides in comparable areas of the Town;

(d) Maintaining complete and detailed records concerning any expenditure of special assessment revenues and other District revenues, which are made through Town departments, boards, or agencies;

(e) Retaining and expending revenues from special assessments, penalties, interest, and investment income thereon solely in the District;

(f) Preparing an annual report of delinquent property assessments and liens thereon to be assigned to the Town's delinquent tax collection attorney;

(g) Making regular reports to Contractor concerning delinquent assessments and making billings thereon as necessary; and,

(h) Producing an annual assessment roll of property owners and property within the District.

The Town shall have no financial obligation to the District other than levying and collecting, through its agreement with the Denton County Tax Assessor/Collector, the assessments levied by the District, except as provided in subsection (c) above, and, pursuant to and in accordance with this Agreement, paying for Improvements and Services that Contractor performs in the District.

4. AMENDMENTS

This Agreement may not be amended unless executed in writing by both parties.

5. TERM

This Agreement shall commence February 1, 2019, (the **"Effective Date")** and, unless terminated earlier in accordance with this Agreement, expire January 31, 2020 (the **"Term").**

6. RELEASE OF FUNDS TO CONTRACTOR

6.1. Procedure

Periodically, but not more frequently than once per month, Contractor shall present to the individual or individuals designated by the Town to oversee and administer the District (the **"Administrator")** a report of the Improvements and Services provided by Contractor since (i) for the first report under this Agreement, the Effective Date and (ii) for all subsequent reports, the date of the previous report. All such reports must include documentation sufficient demonstrating to the Administrator that any sums paid or incurred by Contractor have been paid or are due. Provided that all such necessary reports and supporting documentation have been provided to the Administrator, the Town shall pay the Contractor for all lawful expenses made or incurred by Contractor within fifteen (15) business days of receipt of all such reports and supporting documentation. Notwithstanding anything to the contrary herein, the Town shall not be required to pay Contractor any amount that exceeds the then-current balance of District revenues or that is not in accordance with the Service Plan and Budget for the then-current fiscal year.

6.2. Work Reports

Contractor shall also submit a periodic work report, no less than quarterly, to the Administrator. This work report shall detail all of the Contractor's significant work activities in the District. The format of the report shall be mutually agreed upon by the Contractor and the Administrator. Notwithstanding anything to the contrary herein, payments to Contractor may be withheld if any such report is not received. The Administrator shall have the right to verify that the report is complete and accurate.

6.3. Insufficient District Funds

In the event that District revenues are not available or are insufficient for the Town to make any payment to Contractor hereunder, the Town will promptly notify Contractor. At Contractor's request, the Town and the Contractor shall meet and attempt to negotiate an amendment to this Agreement so that the scope of Improvements and Services may be reduced to correspond to the amount of District funds that are available or are anticipated to become available. If such an amendment cannot be successfully negotiated, Contractor shall have the right to pay the deficit (on a non-reimbursable basis), in which case this Agreement shall continue in effect. If such an amendment cannot be successfully negotiated and Contractor does not elect to fund the deficit, either party may terminate this Agreement upon thirty (30) days' advance written notice to the other party.

7. CONTRACTOR LIABILITY

Contractor hereby assumes full liability for any damages to any public or private property which is due to the negligence of Contractor, its subcontractors, agents, permitees or assigns.

8. LIABILITY OF TOWN; PERSONAL LIABILITY OF PUBLIC OFFICALS

No employee of the Town, nor any other agent of the Town, shall be personally liable for any damages caused by Contractor, its officers, agents, servants, employees, contractors and subcontractors or any other liabilities of Contractor under this Agreement or otherwise related to this Agreement. It is further expressly agreed that the Town shall not be liable or responsible for any damages caused by Contractor, its officers, agents, servants, employees, contractors and subcontractors or any other liabilities of Contractor under this Agreement or otherwise related to this Agreement, nor shall the Town be liable or responsible to Contractor or any other person for or on account of any stoppage or delay in the work herein provided for by injunction or other legal or equitable proceedings, or from or by or on account of any delay for any cause over which the Town has no control.

9. INDEMNIFICATION

CONTRACTOR COVENANTS AND AGREES TO, AND DOES HEREBY, INDEMNIFY AND HOLD HARMLESS AND DEFEND THE TOWN, ITS OFFICERS AND EMPLOYEES, FROM AND AGAINST ANY AND ALL SUITS OR CLAIMS FOR DAMAGES OR INJURIES, INCLUDING DEATH, TO ANY AND ALL PERSONS OR PROPERTY, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH ANY NEGLIGENT ACT OR NEGLIGENT OMISSION ON THE PART OF THE CONTRACTOR, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES OR SUBCONTRACTORS, AND THE CONTRACTOR DOES HEREBY ASSUME ALL LIABILITY AND RESPONSIBILITY FOR INJURIES, CLAIMS OR SUITS FOR THE DAMAGES TO PERSONS OR PROPERTY, OF WHATSOEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, OCCURRING DURING OR ARISING OUT OF THE PERFORMANCE OF THIS CONTRACT AS A RESULT OF ANY NEGLIGENT ACT OR NEGLIGENT OMISSION ON THE PART OF THE CONTRACTOR, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES OR SUBCONTRACTORS. SUCH INDEMNIFICATION SHALL INCLUDE WORKERS' COMPENSATION CLAIMS OF OR BY ANYONE WHATSOEVER IN ANY WAY RESULTING FROM OR ARISING OUT OF CONTRACTOR'S WORK, SERVICES AND OPERATIONS IN CONNECTION HEREWITH, INCLUDING OPERATIONS OF SUBCONTRACTORS.

CONTRACTOR SHALL LIKEWISE INDEMNIFY AND HOLD HARMLESS THE TOWN FOR ANY AND ALL INJURY OR DAMAGE TO TOWN PROPERTY ARISING OUT OF OR IN CONNECTION WITH ANY AND ALL NEGLIGENT ACTS OR NEGLIGENT OMISSIONS OF CONTRACTOR, ITS OFFICERS, AGENTS, EMPLOYEES, CONTRACTOR, SUBCONTRACTORS, LICENSEES OR INVITEES.

Insurance coverage specified herein constitutes the minimum requirements and said requirements shall in no way lessen or limit the liability of Contractor under the terms of this contract. Contractor shall procure and maintain, at its own cost and expense, any additional kinds and amounts of insurance that, in its own judgment, may be necessary for proper protection in the prosecution of its work.

10. <u>INDEPENDENT CONTRACTOR</u>

It is expressly understood and agreed that Contractor shall perform all work and services described herein as an independent contractor and not as an officer, agent, servant or employee of the Town; that Contractor shall have exclusive control of the details of the services and work performed hereunder, and all persons performing the same; and shall be solely responsible for the negligent acts and negligent omissions of its officers, agents, employees, contractors and subcontractors; that the doctrine of *respondeat superior* shall not apply as between Town and Contractor, its officers, agents, employees, contractors and subcontractors; and that nothing herein shall be construed as creating a partnership or joint enterprise between Town and Contractor. No person performing any of the work and services described hereunder shall be considered an officer, agent, servant or employee of the Town.

11. <u>INSURANCE</u>

Contractor shall not commence work under this Agreement until it has obtained and received approval from the Town of all insurance coverage required hereunder. Contractor shall be responsible for delivering to the Administrator a certificate or certificates of insurance demonstrating that Contractor has obtained the coverage required under this Agreement, that all insurance policies provided pursuant to this Agreement are endorsed to name the Town as an additional insured, and that all such insurance policies cover not only Contractor, but also Contractor's contractors and subcontractors. The minimum insurance required of Contractor is as follows:

> <u>WORKER'S COMPENSATION INSURANCE:</u> Contractor shall maintain throughout the Term of this Agreement statutory Worker's Compensation Insurance on all of its employees to be engaged in undertaking any Improvements or Services hereunder. In case any class of employees engaged in hazardous work under this Agreement is not protected under the state's Worker's Compensation statutes, Contractor shall provide adequate employer's general liability insurance for the protection of such employees not so protected.
>
> <u>COMPREHENSIVE GENERAL LIABILITY INSURANCE:</u> Contractor shall maintain throughout the Term of this Agreement a commercial general liability insurance policy in an amount of not less than $1,000,000 covering each occurrence with an aggregate limit of not less than $2,000,000.
>
> <u>AUTOMOBILE INSURANCE - BODILY INJURY AND PROPERTY DAMAGE:</u> Contractor shall maintain throughout the Term of this Agreement comprehensive automobile liability coverage in an amount not less than $1,000,000 for each accident. This policy shall cover any automobile used in the provision of Improvements and Services under this Agreement.

The insurance company with whom Contractor's insurance is written shall be represented by an agent or agents having an office located within the Dallas-Fort Worth metropolitan area. Each such agent shall be duly qualified, upon whom service or process may be had, and must have authority and power to act on behalf of the insurance company to negotiate and settle with the Town, or any other claimant, any claims that the Town, or any other claimant, or any property owner who has been damaged may have against the Contractor or insurance company. The name of the agent or agents shall be set forth on all certificates of insurance. All policies must provide that they may not be changed or canceled by the insurer in less than five (5) days after the Town had received written notice of such change or cancellation. Such insurance amounts may be revised upward at Town's request, and Contractor shall revise such amounts within thirty (30) days after receipt of such request.

12. TAXES

Contractor shall pay all federal, state and local taxes that may be chargeable on any Improvements and Services provided hereunder or otherwise in relation to Contractor's duties and obligations hereunder.

13. PERMITS

Contractor shall and shall cause any of its contractors and subcontractors to obtain and pay for any necessary permits and licenses, whether issued by the state, county or Town, before unertaking any work hereunder that requires any such permits.

14. CHARACTER OF WORK AND OPERATIONS

Contractor and Contractor's employees, contractors and subcontractors shall be competent and careful workmen skilled in their respective trades. Contractor shall not employ any person who repeatedly engages in misconduct or is incompetent or negligent in the due and proper performance of his duties or has been convicted of any crime of moral turpitude. The Town shall retain the right to require the Contractor to remove any employee who is guilty of misconduct toward the public or is in any way discourteous to the public. This work is being performed for the public benefit and it is necessary that it be performed in an acceptable manner and at a satisfactory rate of progress. Contractor shall at all times maintain its equipment in a clean, serviceable condition. All equipment shall be properly licensed and inspected and clearly marked with the Contractor's name and telephone number.

15. ASSIGNMENT AND SUBCONTRACTING

Contractor shall have the right to subcontract for the provision of any Improvements and Services authorized hereunder so long as the subcontract is in writing and the Administrator approves such subcontract in writing prior to provision of the subcontracted Improvements and Services, which such approval by the Administrator shall not be unreasonably delayed. The existence of a subcontract shall not relieve Contractor of any responsibility or liability to the Town under this Agreement. Otherwise, Contractor may not assign, transfer or convey any of its duties and responsibilities under this Agreement to another party without the advance written approval of the Town and execution by such party of a written agreement with the Town under which such party agrees to be bound by the duties and obligations of Contractor under this Agreement.

18. DEFAULT

All terms, conditions and provisions of this Agreement shall be considered material, and Contractor's failure to perform any part of this Agreement shall constitute an event of default hereunder. Should the Contractor fail to fully cure any default hereunder within fourteen (14) calendar days after receipt from the Town of written notice of the default (or, provided that Contractor has diligently commenced and continuously attempted cure within such time, such additional time as may be reasonably necessary to fully cure the default), the Town may, at its option and in addition to any other remedies available to it under law or in equity, terminate this Agreement by providing written notice to Contractor. Notwithstanding the foregoing, Town may terminate this Agreement for any reason upon thirty (30) calendar days' prior written notice to Contractor. In the event of any termination, any work in progress will continue to completion unless specified otherwise in the Town's termination notice. The Town shall pay for any such work in progress that is completed by Contractor and accepted by the Town.

19. COOPERATION WITH TOWN

Contractor shall, at such time and in such form as Town may require, furnish periodic information concerning the status of the project and such other statements, certificates and approvals relative to the project as may be requested by the Town. Contractor shall meet with the Administrator or other Town officials as may be requested to discuss any aspect of this Agreement.

20. BOOKS AND RECORDS; AUDITING RIGHTS

Contractor shall maintain complete and accurate records with respect to all expenditures and costs incurred for all Improvements and Services provided hereunder. All such records shall be maintained on a generally accepted accounting basis and shall be clearly identified and readily accessible to the Town. Contractor shall provide representatives of Town or its appointees free access to such books and records, at all proper times, in order that they may examine and audit the same and make copies thereof. Contractor shall further allow the Town and its representatives to make inspections of all work data, documents, proceedings and activities related to this contract. Such right of access and audit shall continue for a period one (1) year from the date of the final payment under this Agreement.

The Town shall also have the right to conduct a performance audit and evaluation of Contractor at such times as the Town deems necessary. Contractor shall fully cooperate with any such performance audit. The Town may employ consultants at the Town's expense to assist the Town in such performance audit. Contractor agrees to give the Town and its consultants access to all reports, data, schedules and other relevant information which may be required to conduct such performance audit.

21. NOTICES

Any notices, bills, invoices or reports required by this Agreement shall be conclusively determined to have been delivered three (3) business days after it is deposited in the United States mail, in a sealed envelope with sufficient postage attached, to the addresses listed below or such other addresses as may from time to time be provided to the other party:

Town:
Town of Northlake
Attn: Town Administrator
1500 Commons Circle, Suite 300
Northlake, Texas 76226

Contractor:
First Service Residential
Attn: Cindy Huey, President
3102 Oak Lawn Avenue, Suite 202
Dallas, Texas 75219-4241

22. COMPLIANCE WITH LAWS, ORDINANCES, RULES AND REGULATIONS

This Agreement will be subject to all applicable federal, state and local laws, ordinances, rules and regulations, including, but not limited to, all provisions of the Town's Charter and ordinances, as amended.

23. GOVERNMENTAL POWERS

It is understood that by execution of this Agreement, the Town does not waive or surrender any of it governmental powers or immunities.

24. NO WAIVER

The failure of either party to insist upon the performance of any term or provision of this Agreement or to exercise any right granted hereunder shall not constitute a waiver of that party's right to insist upon appropriate performance or to assert any such right on any future occasion.

25. VENUE AND JURISDICTION

If any action, whether real or asserted, at law or in equity, arises on the basis of any provision of this Agreement, venue for such action shall lie in state courts located in Denton County, Texas or the United States District Court for the Northern District of Texas - Fort Worth Division. This Agreement shall be construed in accordance with the laws of the State of Texas.

26. NO THIRD PARTY RIGHTS

The provisions and conditions of this Agreement are solely for the benefit of the Town and Contractor and are not intended to create any rights, contractual or otherwise, to any other person or entity.

27. INTERPRETATION

In the event of any dispute over the meaning or application of any provision of this Agreement, this Agreement shall be interpreted fairly and reasonably, and neither more strongly for or against any party, regardless of the actual drafter of this Agreement.

28. CAPTIONS

Captions and headings used in this Agreement are for reference purposes only and shall not be deemed a part of this Agreement.

29. ENTIRETY OF AGREEMENT

This Agreement, including any exhibits attached hereto and any documents incorporated herein by reference, contains the entire understanding and agreement between the Town and Contractor as to the matters contained herein. Any prior or contemporaneous oral or written agreement is hereby declared null and void to the extent in conflict with any provision of this Agreement.

30. COUNTERPARTS

This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute one instrument.

EXECUTED as of the last date indicated below:

TOWN OF NORTHLAKE:

By: ____ Date: ________________________

Drew Corn, Town Administrator

FIRSTSERVICE RESIDENTIAL TEXAS, INC.,
A Texas corporation d/b/a
FIRSTSERVICE RESIDENTIAL:

By: ____ Date: ________________________

Terry Bascher, Sr. Vice President

Exhibit "B"
Additional Services to be Provided by Contractor

(a) Participate in meetings of individual departments within the Town of Northlake, as required, to coordinate PID activities;

(b) Participate in all meetings required by the Town for assistance in the preparation of the Service Plan and Budget for the District, and update the Town as to authorized PID projects and other pertinent matters.

(c) Establish means of communication for citizen input to report problems and make suggestions to the PID. Coordinate responses to citizen, with input from the Town, when appropriate.

(d) Maintain a full and accurate accounting of disbursements for reimbursement from PID revenues, providing the Town with a monthly accounting statement;

(e) Monitor recurring expenses and perform comparative analyses to identify emerging trends and real or potential problems. Notify the Town of trends and unusual or excessive expenses;

(f) Maintain a complete set of historical records of all PID activity to include PID charter, minutes of meetings, and agreements/contracts with other entities, grant applications, etc. from the beginning of PID to present; and

The Contractor shall commence, carry on, and provide such improvements and/or services with all practicable dispatch, in a sound, economical, and efficient manner, in accordance with this contract and its attachments and all applicable laws.

Exhibit C – Budget and Five - Year Service Plan

	2019	2020	2021	2022	2023
INCOME:	$1,313,568	$1,511,132	$1,609,605	$1,724,078	$1,873,667
EXPENSES:					
Utilities	$128,131	$165,977	$195,071	$224,165	$224,165
Landscape Maintenance	$897,100	$991,513	$992,123	$1,104,881	$1,106,503
Common Area Maintenance	$66,550	$80,155	$83,821	$87,553	$91,358
General & Administrative	$43,172	$46,632	$50,088	$50,198	$50,904
Insurance and Taxes	$921	$927	$934	$941	$948
Employees	$74,583	$75,825	$77,089	$78,376	$79,686
TOTAL EXPENSES	$1,210,457	$1,361,029	$1,399,126	$1,546,113	$1,553,563
****Developer Subsidy**					

** To be fully repaid by PID

** Current Subsidy Balance through August 2018 **$1,648,218**

1400 FM 407
Northlake, TX 76247
940-648-3290
Fax 940-648-0363

Town of Northlake

Memo

To: Honorable Mayor and Town Council

From: Drew Corn, Town Administrator

CC: Eric Tamayo, Public Works Director

Shirley Rogers, Town Secretary

Date: February 28, 2019

Re: Interlocal Sewer Service Area Agreement between the Town of Northlake and the Town of Argyle

---

On September 27, 2012, Council approved an apportionment agreement with the Town of Argyle defining the extraterritorial jurisdiction boundary as Harvest Way. On November 10, 2016, Council approved an interlocal service area agreement with Argyle Water Supply Corporation (AWSC) setting the water service boundaries between the Town and AWSC along the same road alignment.

The attached agreement for Council consideration is between the Town of Northlake and the Town Argyle which control the sewer Certificates of Convenience and Necessity (CCNs) around Harvest Way. Through this agreement, the Towns will seek a realignment of CCNs from the Texas Public Utility Commission (PUC). With the approval of the realignment, the Town of Northlake's ETJ will align with the Town's water CCN and the Town's sewer CCN.

Please contact me at 940.242.5701 if you have any questions or comments.

INTERLOCAL SEWER SERVICE AREA AGREEMENT BY AND BETWEEN THE TOWN OF ARGYLE, TEXAS, AND THE TOWN OF NORTHLAKE, TEXAS

THIS AGREEMENT ("Agreement") is made and entered by and between the Town of Argyle, Texas (“Argyle”), a Texas Type-A general law municipality, and the Town of Northlake, Texas (“Northlake”), a Texas Type-A general law municipality in accordance with the requirements of Chapter 6 of the Texas Local Government Code and the Texas Interlocal Cooperation Act.

RECITALS

WHEREAS, Argyle is a Type-A general law municipality with full power and authority to provide retail sewer utility service to persons situated inside its corporate boundaries and also to persons residing in areas which lie outside of Argyle’s corporate boundaries and in a defined service area in Denton County, Texas, under the authority of Certificate of Convenience and Necessity No. 20826 (“Argyle’s Sewer CCN”) issued by the Public Utility Commission of Texas or one of its predecessor agencies (the “Commission”); and

WHEREAS, Northlake is a Type-A general law municipality with full power and authority to provide retail sewer utility service to persons situated inside its corporate boundaries and also to persons residing in areas which lie outside of Northlake’s corporate boundaries and in a defined service area in Denton County, Texas, under the authority of Certificate of Convenience and Necessity No. 20866 (“Northlake’s Sewer CCN”) issued by the Commission; and

WHEREAS, Argyle and Northlake are "retail public utilities" as defined in Texas Water Code (“TWC”) § 13.002; and

WHEREAS, Argyle and Northlake have determined that it would be advisable, and in the best interests of Argyle and Northlake, to amend their respective retail sewer service areas to be consistent with the city limits and extraterritorial jurisdictions for each town, and to enter this Agreement which establishes the retail sewer service areas for Argyle and Northlake as allowed under TWC §13.248; and

WHEREAS, Argyle and Northlake desire to enter into this interlocal agreement pursuant to the terms and provisions of the Interlocal Cooperation Act applicable to contracts for governmental functions and services (TEX. GOV’T CODE § 791.001, et. seq.).

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Argyle and Northlake agree to the following:

Section 1. Acknowledgement of Service Areas.

1.1 Argyle acknowledges that the approximate 15 acres of Area A as shown on Exhibit A are currently within Northlake's Sewer CCN service area.

1.2 Northlake acknowledges that the approximate 212 acres of Area B as shown on Exhibit A are currently within Argyle's Sewer CCN service area.

Section 2. Designation of Service Areas and Customers.

2.1 Pursuant to TWC §13.248, Argyle authorizes and agrees to provide retail sewer service to Area A, and for the retail sewer customers within said area to be customers of Argyle under Argyle's CCN No. 20826. Northlake hereby consents to the decertification of Area A from its retail sewer service area under CCN No. 20866 and the transfer of any customers within Area A to Argyle.

2.2 Pursuant to TWC §13.248, Northlake authorizes and agrees to provide retail sewer service to Area B, and for the retail sewer customers within said area to be customers of Northlake under Northlake's CCN No. 20866. Argyle hereby consents to the decertification of Area B from its retail sewer service area under CCN No. 20826 and the transfer of any customers within Area B to Northlake.

2.3 Argyle and Northlake shall cooperate and assist each other in acquiring any approvals that are needed from the Commission and any other regulatory authorities for the transfer and designation of sewer service areas and customers as contemplated herein. The costs of obtaining any such required regulatory approvals shall be borne by Northlake and Northlake shall take the lead role in filing and prosecuting any such required requests for regulatory approvals.

2.4 Argyle and Northlake agree to present to their respective city councils the necessary ordinances and/or resolutions to complete the transfer and designation of sewer service areas and customers as contemplated herein.

2.5 The Parties acknowledge that in the course of obtaining any required regulatory approvals, it may be necessary to obtain written consents from one or more special purpose districts, political subdivisions, municipalities, affected customers or other persons. Northlake shall take the lead in obtaining any such written consents with the cooperation of Argyle.

2.6 The Parties agree to make good faith efforts to obtain all required regulatory approvals within as short a period of time as practicable.

2.7 Nothing in this Agreement shall negate or otherwise affect the ownership of any sewer service facilities that currently exist within Area A or Area B.

2.8 Nothing in this Agreement shall impair or adversely affect the Parties' rights or obligations to provide retail sewer service to areas and customers located outside of Area A and Area B.

2.9 Nothing in this Agreement shall be construed to waive, relinquish or enlarge any lawful extraterritorial jurisdiction of each of the respective Cities as established by state law.

Section 3. General Provisions.

3.1 <u>Assignees.</u> Except as otherwise expressly provided in this Agreement, the Parties may not assign their rights or responsibilities under this Agreement without first obtaining written consent from the other Party.

3.2 Waiver and Amendment. No officer or agent of Argyle or Northlake is authorized to waive or modify any provision of this Agreement without authorization from the respective governing body of each Party. No modifications to or revisions of this Agreement may be made except by a written document approved by the governing body of each Party and signed by authorized representatives of Argyle and Northlake.

3.3 Emergency Interconnects. Argyle and Northlake may establish mutually agreeable terms upon which emergency sewer service interconnects may be approved by both Parties under separate agreement(s).

3.4 Remedies. It is not intended hereby to specify (and this Agreement shall not be considered as specifying) an exclusive remedy for any default by any Party, but all remedies existing at law or in equity including, without limitation, termination or suspension of service, may be availed of by any Party and shall be cumulative. The Parties agree to attempt first to resolve disputes concerning this Agreement amicably by promptly entering negotiations in good faith. The Parties agree that they will not refer any dispute to another dispute resolution procedure, including mediation or litigation, until they have first made reasonable and good faith efforts to settle their differences by joint negotiations conducted in a timely manner. This Agreement is governed by the laws of the State of Texas and is performable in Denton County. Any action at law or in equity brought to enforce any provision of this Agreement shall be brought in a court of competent jurisdiction with venue in Denton County, Texas.

3.5 No Oral Agreements; Prior Agreements. This Agreement supersedes any prior understanding or oral agreements between the Parties respecting the subject matter of this Agreement.

3.6 Severability. The provisions of this Agreement are severable and if, for any reason, any one of more of the provisions contained in the Agreement shall be held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability of such provision will not affect any other provision of this Agreement and this Agreement shall remain in effect and be construed as if the invalid, illegal, or unenforceable provision was never in the Agreement.

3.7 Captions. The sections and captions contained herein are for convenience and reference only and are not intended to define, extend or limit any provision of this Agreement.

3.8 No Third-Party Beneficiaries. This Agreement does not create any third-party benefits to any person or entity other than the named Parties hereto, and is solely for the consideration herein expressed.

3.9 Default. In the event of default by a Party to this Agreement, the non-defaulting Party must provide reasonably specific written notice of the default to the defaulting Party, and the non-defaulting Party must allow the defaulting Party at least thirty (30) calendar days after receipt of notice to cure the default.

3.10 Notices. All notices required under this Agreement shall be delivered by hand-delivery or sent both by facsimile and first-class mail on the same date before 5:00 p.m. Notice shall be deemed given (a) on the date notice is hand-delivered to either the Town Administrator of Northlake or of Argyle, as applicable, or (b) on the date notice is sent by both facsimile and first-class mail before 5:00 p.m. Any notice sent by both facsimile and first-class mail after 5:00 p.m. shall be deemed given on the following day. Either Party may change its designee or address upon five (5) days written notice to the other Party. Notices shall be provided to the following designees and addresses:

To Argyle:

Mailing address: Town of Argyle
Attn: Town Administrator
P.O. Box 609
Argyle, Texas 76226

Physical address: 308 Denton Street East
Argyle, Texas 76226

Facsimile: *(940) 464-7273*

To Northlake:

Mailing address: Town of Northlake
Attn: Town Administrator
1500 Commons Circle Suite 300
Northlake, Texas 76226

Physical address: Northlake Town Hall
1500 Commons Circle Suite 300
Northlake, Texas 76226

Facsimile: (940) 648-0363

3.11 No Waiver of Immunity. Nothing in this Agreement shall be deemed to waive, modify, or amend any legal defense available at law or in equity to either Argyle or Northlake nor to create any legal rights or claims on behalf of any third party. Neither Argyle nor Northlake waives, modifies, or alters to any extent whatsoever the availability of the defense of governmental immunity under the laws of the State of Texas or laws of the United States.

3.12 Payment Out of Current Revenues. Pursuant to Section 791.011(d)(3) of the Texas Government Code, to the extent this Agreement necessitates or results in the payment for performance of governmental functions or services, the Party making such payment agrees and acknowledges that such payment shall be made from current available revenues.

AGREED TO AND APPROVED to take effect on the last date this Agreement is executed by an authorized representative of Argyle or Northlake (the "Effective Date").

[SIGNATURE PAGES TO FOLLOW]

TOWN OF ARGYLE, TEXAS, a Texas
Type-A general law municipality

By: ___________________________________
Donald Moser, Mayor

Date:_________________________________

STATE OF TEXAS §
COUNTY OF DENTON §

Before me, the undersigned authority, on this day personally appeared Donald Moser, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of the Town of Argyle, Texas, a Texas Type-A general law municipality, in his capacity as Mayor after having been duly authorized to do so by the governing body of the Town of Argyle, for the purposes and consideration therein expressed.

Given under my hand and seal of office this ____day of___________________, 2019.

Notary Public, State of Texas

TOWN OF NORTHLAKE, TEXAS, a Texas Type-A general law municipality

By:___________________________________
Peter Dewing, Mayor

Date:_________________________________

STATE OF TEXAS §
COUNTY OF DENTON §

Before me, the undersigned authority, on this day personally appeared Peter Dewing, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act of the Town of Northlake, Texas, a Texas Type-A general law municipality, in his capacity as Mayor after having been duly authorized to do so by the governing body of the Town of Northlake, for the purposes and consideration therein expressed.

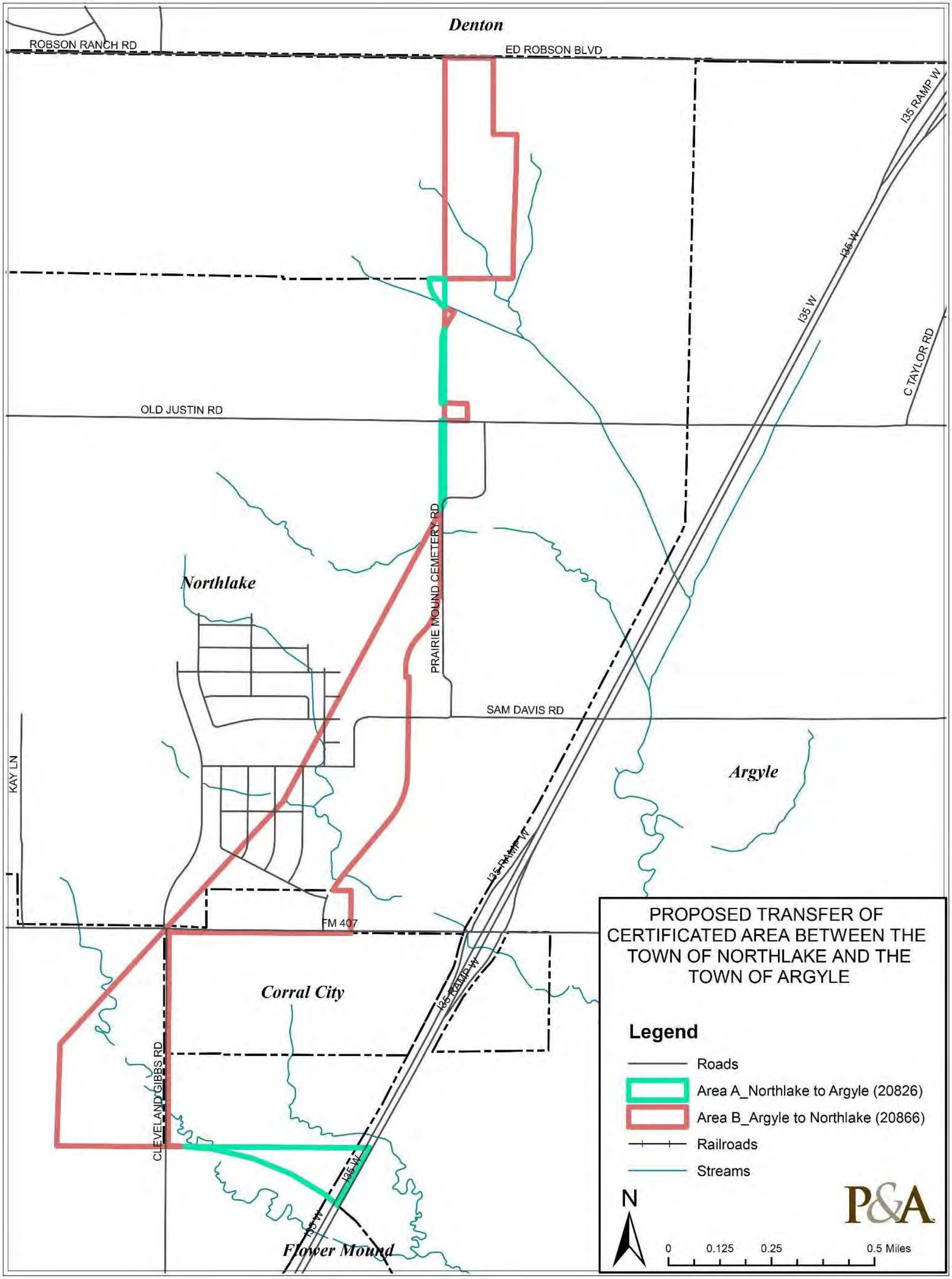
Given under my hand and seal of office this____day of____________________, 2019.

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:
Town Secretary
Town of Argyle
P.O. Box 609
Argyle, Texas 76226

WITH A COPY TO:
Town Secretary
Town of Northlake
1500 Commons Circle Suite 300
Northlake, Texas 76226

EXHIBIT A


Denton
ROBSON RANCH RD
ED ROBSON BLVD
I35 RAMP W
I35 W
C TAYLOR RD
OLD JUSTIN RD
PRAIRIE MOUND CEMETERY RD
Northlake
SAM DAVIS RD
Argyle
KAY LN
FM 407
Corral City
CLEVELAND GIBBS RD
Flower Mound
PROPOSED TRANSFER OF CERTIFICATED AREA BETWEEN THE TOWN OF NORTHLAKE AND THE TOWN OF ARGYLE
Legend
Roads
Area A_Northlake to Argyle (20826)
Area B_Argyle to Northlake (20866)
Railroads
Streams
N
0
0.125
0.25
0.5 Miles
P&A

Regular Items

Agenda Item 7

1400 FM 407
Northlake, TX 76247
940-648-3290
Fax 940-648-0363

Town of Northlake

Memo

To: Honorable Mayor and Town Council

From: Drew Corn, Town Administrator

CC: Shirley Rogers, Town Secretary

Date: February 28, 2019

Re: Interlocal Cooperative Agreement with Belmont Fresh Water Supply District No. 1 for Brick Paver Maintenance, and Optional Removal and Repaving

---

In order to enhance the visual appeal and serve as traffic calming, Hillwood has proposed using brick pavers at locations in Harvest, specifically at the linear park crossing at Old Justin Road west of Harvest Way. While staff does not disagree with the developer's rationale, brick pavers can create ongoing maintenance issues. The district of Harvest (Belmont Fresh Water Supply District No. 1) has agreed to maintain the brick pavers throughout the life of the district. Prior to the dissolution of the district, the Town may request the removal of the pavers and repaving of the affected roadway.

This agreement was discussed at the January 24th Council meeting but was tabled due to concerns about the changing road width. Although the road width was not part of the agreement, Hillwood and the district have agreed to maintain the same 34' road width throughout the Harvest development. Currently the road width is 24'. The original proposal was to have the 34' road narrow to 29' at the linear park crossing. The exhibit (see attached) will become part of the agreement and Town staff will ensure the road is constructed at the 34' width.

Please contact me at 940.242.5701 if you have any questions or comments.

THE STATE OF TEXAS §
§
COUNTY OF DENTON §

INTERLOCAL COOPERATION AGREEMENT BETWEEN THE TOWN OF NORTHLAKE, TEXAS AND BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY

THIS AGREEMENT, hereinafter "the Agreement", is made and entered into by and between the Town of Northlake, Texas, a municipal corporation, hereinafter "the Town," and Belmont Fresh Water Supply District No. 1 of Denton County, a political subdivision of the State of Texas operating under the provisions of Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution, and Chapters 49 and 53, Texas Water Code, as amended, hereinafter "District". The Town and the District are sometimes hereinafter referred to individually as "a Party" and collectively as "the Parties".

WHEREAS, the property within the District is being developed as a master planned community known as "Harvest," and the District was created for the purposes of providing water and sanitary sewer facilities and roads and improvements in aid thereof to serve the land within and outside its boundaries; and

WHEREAS, Old Justin Road, hereinafter "the Road", traverses the District, and is currently part of the Denton County road system; and

WHEREAS, the District is contracting with Denton County, hereinafter the "County", whereby the District will provide general maintenance, as well as design and construction associated with widening and improvement to the Road pursuant to the plans and specifications described in Exhibit "A", hereinafter "Plans and Specifications"; and

WHEREAS, the District is located within the extraterritorial jurisdiction of the Town, and the Town is authorized to annex the land within and dissolve the District as provided in Chapter 43, Local Government Code; and

WHEREAS, upon the annexation of the land within and dissolution of the District, the Town will likely assume maintenance responsibility for that portion of the Road currently traversing the District; and

WHEREAS, the Town has expressed concern that use of brick pavers as currently prescribed by the Plans and Specifications may create long-term maintenance obligations for the Town upon the annexation of the land within and dissolution of the District; and

WHEREAS, in order to induce the Town to issue its final approval of the Plans and Specifications prescribing brick pavers, the District has agreed that upon notice from the Town as provided in Article VI of this Agreement, the District will remove the brick pavers and replace them with a concrete pavement option, as acceptable by the Town of Northlake, as determined by the District, hereinafter the "Project"; and

WHEREAS, the Interlocal Cooperation Act, Chapter 791, Texas Government Code, hereinafter "the Act", provides authorization for a local government to contract with one or more local governments to perform governmental function and services under the terms of the Act, and the Town and the District mutually desire to be subject to the provisions of the Act.

NOW, THEREFORE, the District and the Town, for the mutual consideration stated herein, agree and understand as follows:

WITNESSETH:

I.

The term of this Agreement shall begin on January 24, 2019, and expire on the date of the Town's final written acceptance of construction of the Project.

II.

Pursuant to Section 791.011 of the Act, the Parties hereto agree that the purpose of this Agreement is to ensure that certain governmental functions and services in the area of streets, roads, and drainage are performed. The Parties further agree that each of them is authorized to perform the functions and services individually.

III.

The Town and the District hereby agree that the scope of the Project shall include the removal of brick pavers and replacement of same with a concrete pavement option, as acceptable by the Town of Northlake, as determined by the District.

IV.

The Town and the District agree that the Project will promote public safety and serve a public purpose for the benefit of the citizens of the Town and the District.

V.

The District agrees to construct the Project at no cost to the Town, and in accordance with the Plans and Specifications approved by the Town.

VI.

The District agrees to proceed with design of the Project within 30 days from the date of receipt of written notice from the Town that it intends to initiate proceedings for the annexation of the land within the District, hereinafter "the Annexation Proceedings". Such written notice shall be issued in accordance with Chapter 43 of the Texas Local Government Code and in accordance with the applicable provisions governing annexation of land within the District as provided in the Third Amended and Restated Development Agreement, dated September 27, 2012, as amended. Construction of the Project shall be completed prior to dissolution of the District.

VII.

The District agrees that the Town will not be held liable for any personal or real property damages occurring from acts of District or its agents under this Agreement.

VIII.

The District represents that it will secure at its own expense all personnel required to perform the services covered by this Agreement, and the District agrees and understands that the District, its employees, servants, agents, or representatives shall at no time represent themselves to be employees, servants, agents, or representatives of the Town for any purpose whatsoever.

IX.

The District agrees to accept full responsibility for the acts, negligence, or omissions of all District employees, agents, contractors, subcontractors, or contract laborers doing work under a contract or agreement with the District.

X.

This Agreement is not intended to extend the liability of the Parties beyond that provided for by law. Neither the Town nor District waive, nor shall be deemed to have hereby waived, any immunity or defense that would otherwise be available to it against claims made by third parties.

XI.

The validity of this Agreement and of any of its terms or provisions, as well as the rights and duties of the Parties hereto, shall be governed by the laws of the State of Texas. Further, this agreement shall be performable in Denton County, Texas.

XII.

In the event that any portion of this Agreement shall be found to be contrary to law, it is the intent of the Parties hereto that the remaining portions shall remain valid and in full force and effect to the fullest extent possible.

XIII.

The undersigned officer or agents of the Parties hereto are the properly authorized officials who have the necessary authority to execute this Agreement on behalf of the Parties, and each party hereby certifies to the other that any necessary resolutions extending said authority have been duly passed and are now in full force and effect.

XIV.

This Agreement represents the entire agreement between the Town and District regarding the subject matter hereof, and supersedes all prior negotiations, representations, or agreements, either written or oral. This Agreement may be amended only by written instrument signed by the governing bodies of the Town and District, or those authorized to sign on behalf of those governing bodies.

XV.

This Agreement becomes effective when signed by the last party whose signing makes the respective agreement fully executed, hereinafter "the Effective Date".

XVI.

Any notice to be given hereunder by a Party to any other Party shall be in writing and may be affected by delivery in person or by facsimile, or by sending said notice by certified mail, return receipt requested, to the address set forth below. Notice shall be deemed given by mail when deposited with the United States Postal Service with sufficient postage affixed.

For District:	Belmont Fresh Water Supply District No. 1 of Denton County Attn: President c/o Crawford & Jordan LLP 3100 McKinnon Street, Suite 1100 Dallas, Texas 75201
For Town:	Town of Northlake Attn: Town Administrator 1500 Commons Circle, Suite 300 Northlake, Texas 76226-1598
Copy To:	Town of Northlake Attn: Ms. Ashley Dierker Taylor, Olson, Adkins, Sralla & Elam, L.L.P. 6000 Western Place, Suite 200 Fort Worth, Texas 76107

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

Executed in triplicate originals this ______ day of ___________________, 2019.

TOWN OF NORTHLAKE, TEXAS

By: _________________________________
Name: Peter Dewing
Title: Mayor

ATTEST:

____
Shirley Rogers, Town Secretary

Approved as to Form:

____
Ashley Dierker, Town Attorney

Executed in triplicate originals this ______ day of ___________________, 2018.

BELMONT FRESH WATER SUPPLY DISTRICT NO. 1 OF DENTON COUNTY

By: ________________________________
President, Board of Supervisors

ATTEST:

By: ________________________________
Secretary, Board of Supervisors

Exhibit "A"

PLANS AND SPECIFICATIONS FOR CONSTRUCTION
OF WATER, PAVING & DRAINGE FACILITIES
FOR OLD JUSTIN ROAD

Dated: September, 2018
Prepared by: JONES/CARTER and bearing
JC JOB No. 0160-0032-00
As approved by The Town of Northlake, Texas

Exhibit “B”

DESCRIPTION OF PROJECT

MATERIALS SCHEDULE

LIGHTING

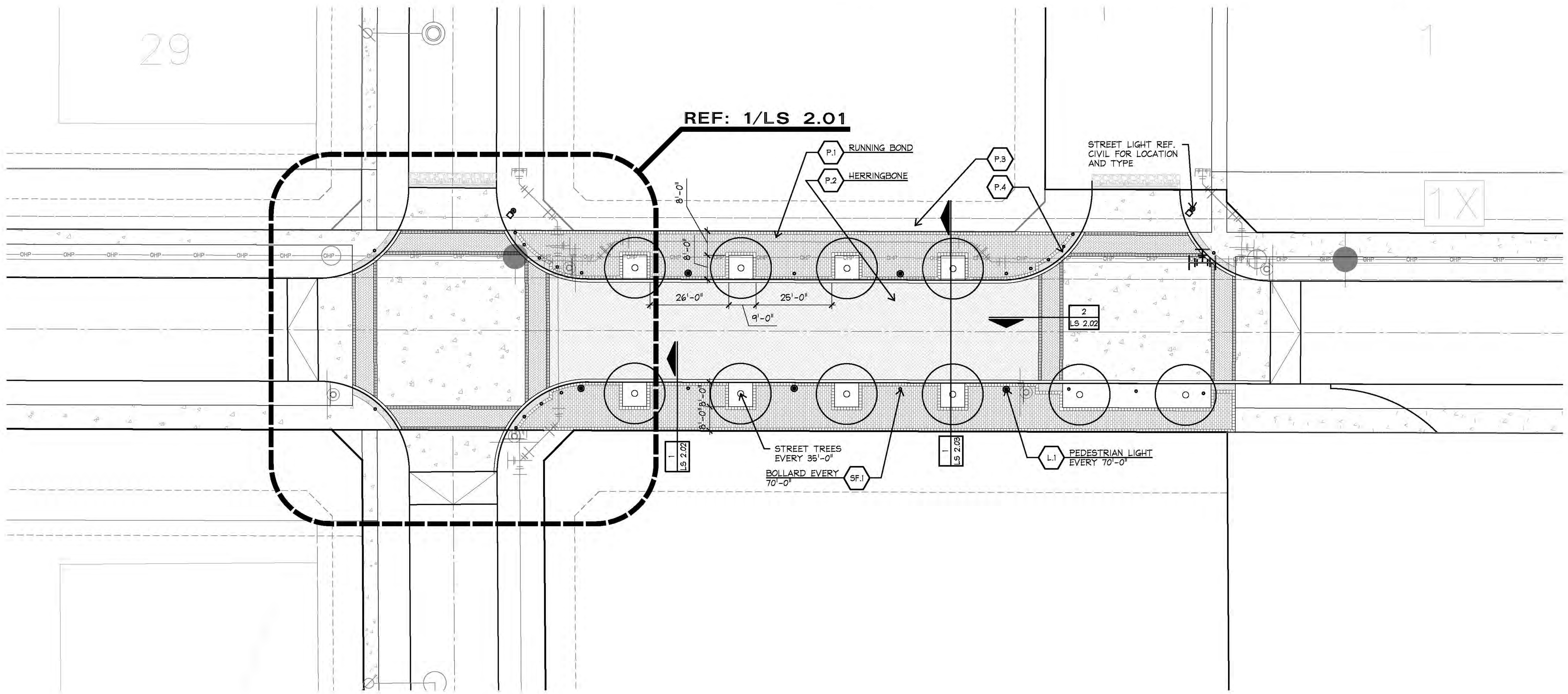
KEY	DESCRIPTION /MODEL NUMBER	COLOR	FINISH	CONTACT	REMARKS
L.1	1740LED CHATEAU SMALL PEDESTRIAN LIGHT, POST TOP, POST 12' HT X 4" RSA12A400	MATCH EXISTING	NATURAL	CONTACT: MARK TOUSSAINT COMPANY: HOSSLEY LIGHTING PHONE: (817)-939-3071	

PAVERS

KEY	DESCRIPTION /MODEL NUMBER	COLOR	FINISH	CONTACT	REMARKS
P.1	PAVESTONE CONCRETE PAVER HOLLAND PARKWAY 4 X 8, 8 CM & 6CM	BLEND A TAN - 20% SCHLEGEL TAN - 20% BUFF - 40% BELLOWS BROWN - 20%	NATURAL	CONTACT: JOEY GUEDEA COMPANY: PAVESTONE PHONE: (817)-481-5802	
P.2	PAVESTONE CONCRETE PAVER HOLLAND PARKWAY 4 X 8, 8 CM	BLEND B TAN - 20% SCHLEGEL TAN - 20% BUFF - 40% PEWTER - 20%	NATURAL	CONTACT: JOEY GUEDEA COMPANY: PAVESTONE PHONE: (817)-481-5802	
P.3	PAVESTONE CONCRETE PAVER CITYSTONE 6 X 6, 8 CM	BELLOWS BROWN	NATURAL	CONTACT: JOEY GUEDEA COMPANY: PAVESTONE PHONE: (817)-481-5802	(2) 6X6 PAVERS, STACKED, TO EQUAL 12" BAND
P.4	PAVESTONE CONCRETE PAVER HOLLAND PARKWAY 4 X 8, 6 CM TRUNCATED DOME	BELLOWS BROWN	NATURAL	CONTACT: JOEY GUEDEA COMPANY: PAVESTONE PHONE: (817)-481-5802	

SITE FURNISHINGS

KEY	DESCRIPTION /MODEL NUMBER	COLOR	FINISH	CONTACT	REMARKS
SF.1	SIMPLE BOLLARD BY TOURNESOL SITEWORKS B-1320-40-3003G	GALVANIZED	NATURAL	COMPANY: TOURNESOL SITEWORKS PHONE: 800-542-2282	DIRECT BURY



1 OLD JUSTIN ROAD
PLAN

0' 10' 20' 40'
SCALE: 1"=20' NORTH

Z:\Tbg\Harvest\Phase 4 (FW18300)\03a SD\Work\FW18300-site - OJR.dwg

TBG

Landscape Architects • Planners
1306 May Street, Suite 200
Fort Worth, Texas 76104
(817) 870-9848
Austin • Dallas • Fort Lauderdale
Fort Worth • Houston • San Antonio

Project:
HARVEST
PHASE 4

OLD JUSTIN ROAD

NORTHLAKE, TEXAS

Project Number:
FW 18300

Designed: EG, KW
Drawn: KW
Reviewed: JD

Date Issued:
NOVEMBER 5, 2018

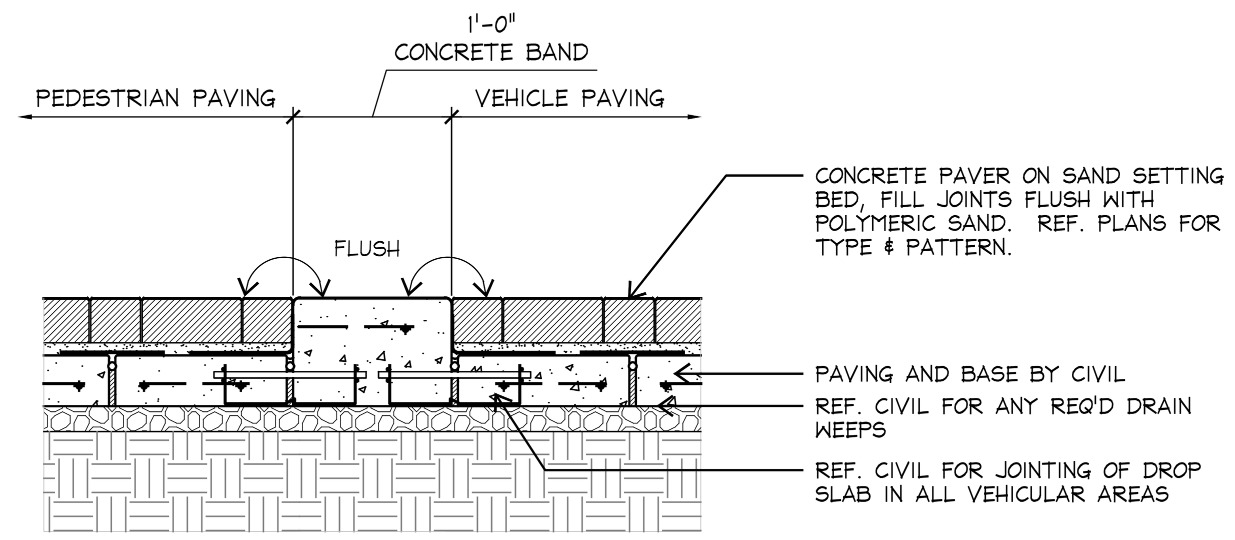
Revisions:

Sheet Title:
OLD JUSTIN ROAD PLAN

Sheet Number:
LS 1.01

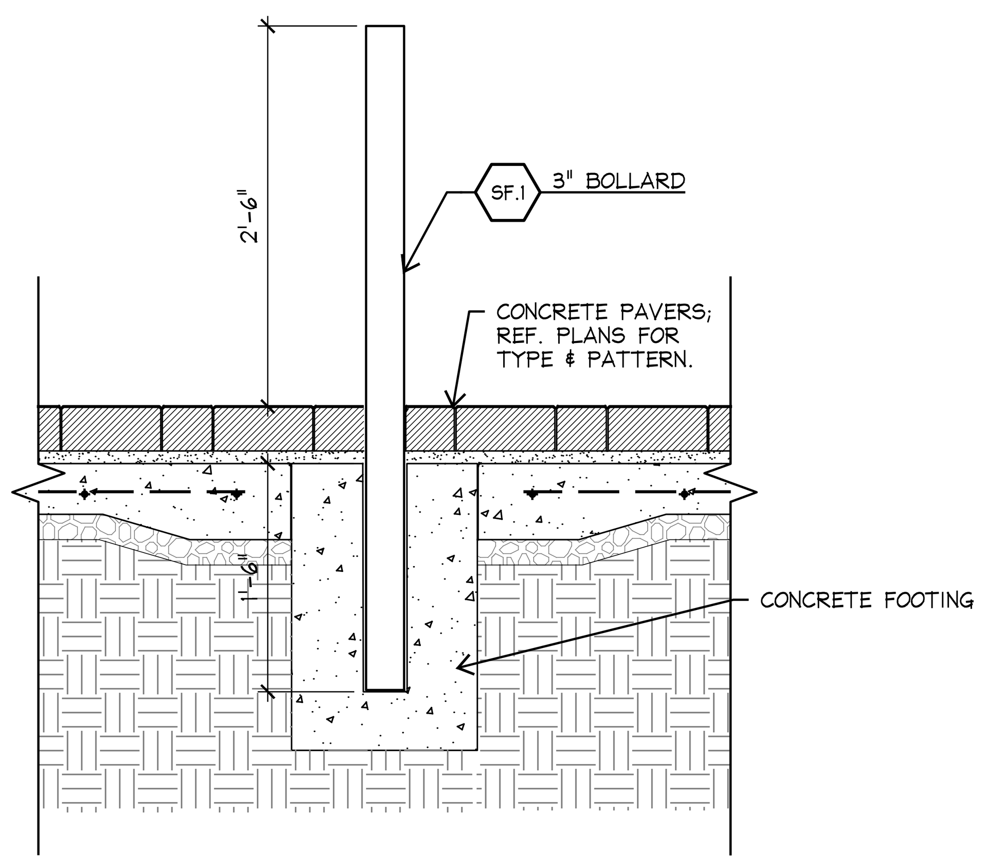
PAVER DROP SLAB DIMENSION:
FOR 80MM & 4" PAVER THICKNESS DROP SLAB d=4-1/2"
FOR 3" PAVER THICKNESS DROP SLAB d=4"
FOR 60MM PAVER THICKNESS DROP SLAB d=3-1/2"

DROP SLAB AREAS TO BE NO GREATER THAN 400SF WITHOUT EXPANSION JOINTS OR AS SHOWN ON PLANS.



2 PAVER DETAIL

SCALE: 1"=1'-0"



4 BOLLARD DETAIL

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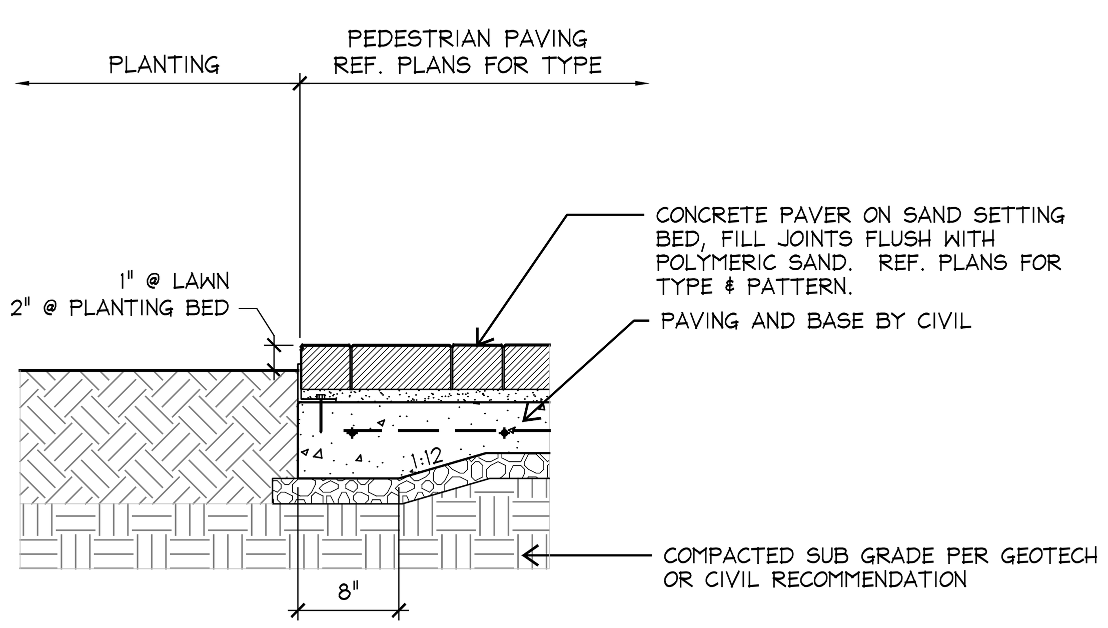
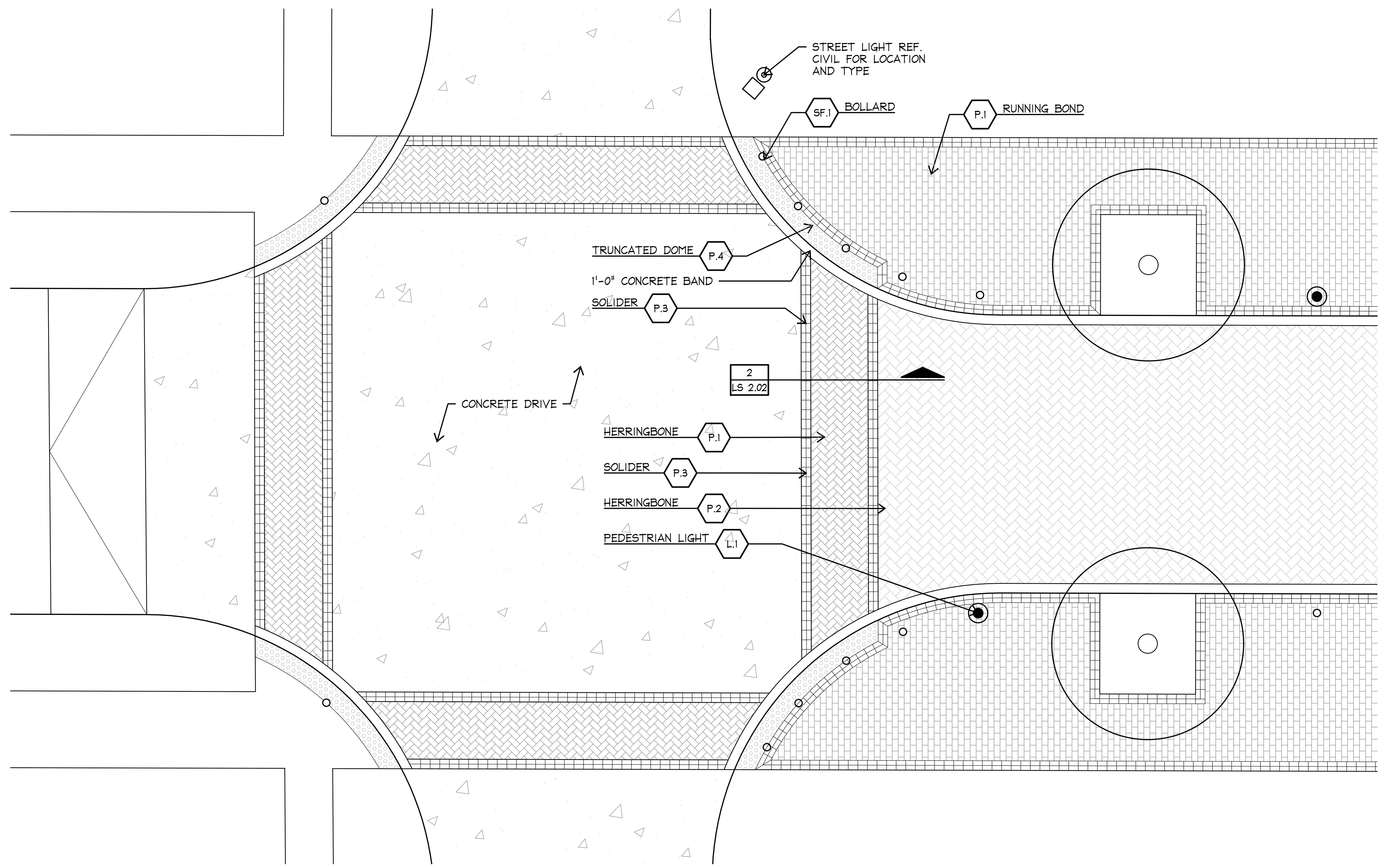


3 PAVER DETAIL AT PLANTING

SCALE: 1"=1'-0"



1 TYP. INTERSECTION ENLARGEMENT

SCALE: 1/8"=1'-0"

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Landscape Architects • Planners
1306 May Street, Suite 200
Fort Worth, Texas 76104
(817) 870-9848

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Fort Worth • Houston • San Antonio

Project:
HARVEST
PHASE 4

OLD JUSTIN ROAD

NORTHLAKE, TEXAS

Project Number:
FW 18300

Designed: EG, KW

Drawn: KW

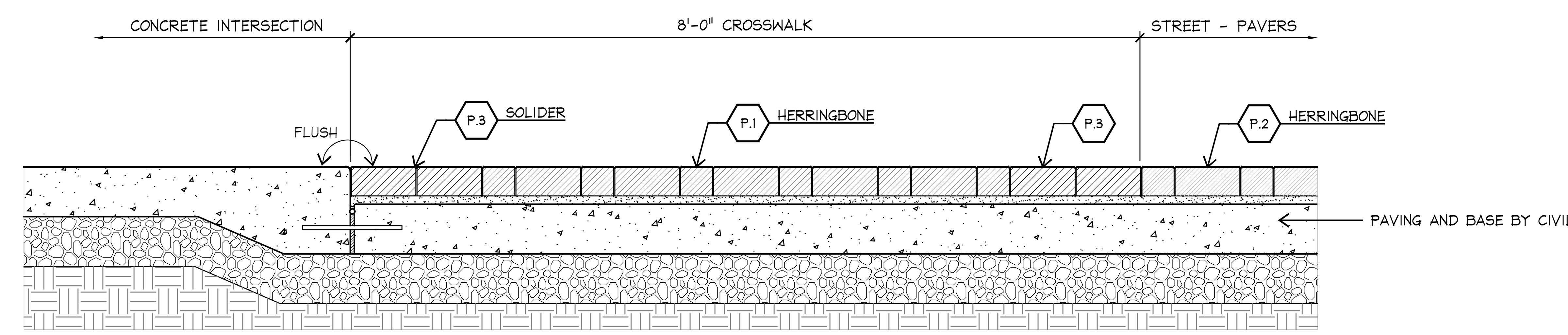
Reviewed: JD

Date Issued:
NOVEMBER 5, 2018

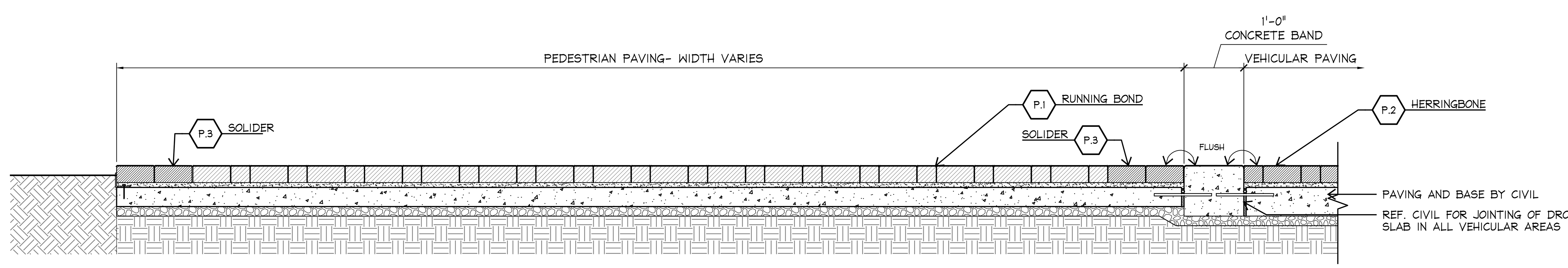
Revisions:

Sheet Title:
PAVER PLAN
& DETAILS

Sheet Number:
LS 2.01



2 INTERSECTION - CROSSWALK
SECTION
SCALE: 1"=1'-0"



1 SITE SECTION
SECTION
SCALE: 3/4"=1'-0"

Z:\Tbg\Harvest\Phase 4 (FW18300)\03a SD\Work\FW18300-details-01.dwg

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Landscape Architects • Planners
1306 May Street, Suite 200
Fort Worth, Texas 76104
(817) 870-9848
Austin • Dallas • Fort Lauderdale
Fort Worth • Houston • San Antonio

Project:
HARVEST
PHASE 4

OLD JUSTIN ROAD

NORTHLAKE, TEXAS

Project Number:
FW 18300

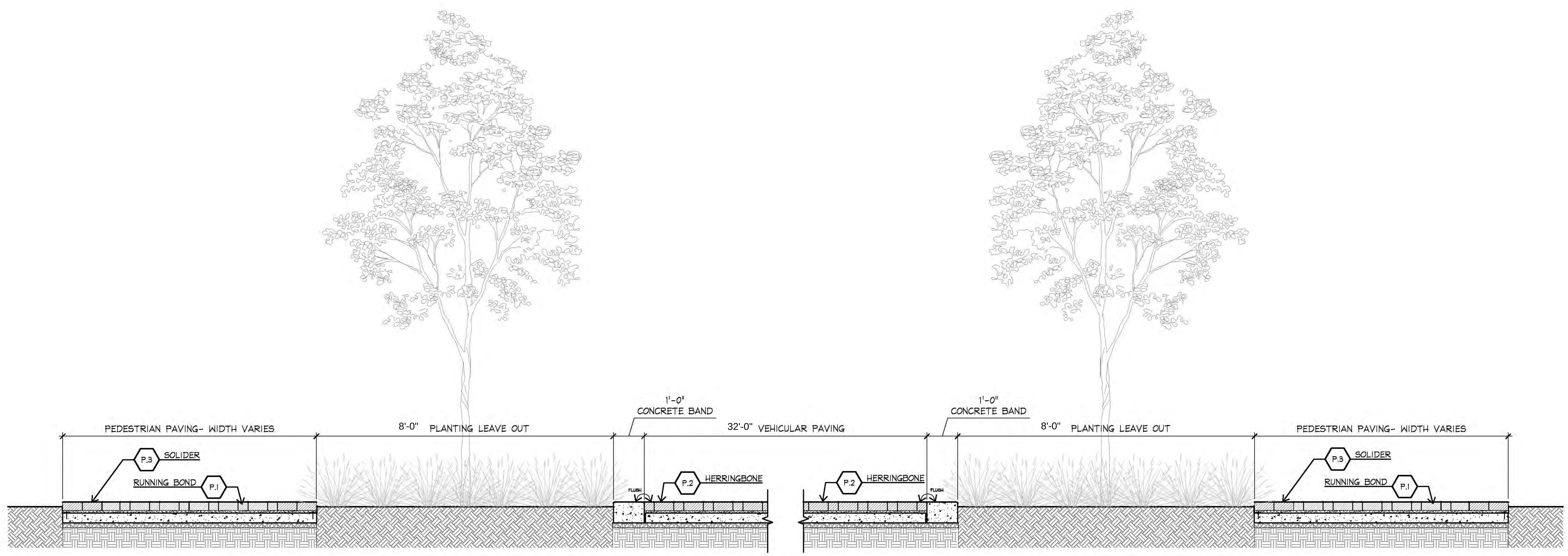
Designed: EG, KW
Drawn: KW
Reviewed: JD

Date Issued:
NOVEMBER 5, 2018

Revisions:

Sheet Title:
PAVER PLAN
& DETAILS

Sheet Number:
LS 2.02



1 SITE SECTION
SECTION

SCALE: 1/2"=1'-0"

TBG

Landscape Architects • Planners

1306 May Street, Suite 200
Fort Worth, Texas 76104
(817) 870-9848

Austin • Dallas • Fort Lauderdale
Fort Worth • Houston • San Antonio

Project:

HARVEST
PHASE 4

OLD JUSTIN ROAD

NORTHLAKE, TEXAS

Project Number:
FW 18300

Designed: EG, KW

Drawn: KW

Reviewed: JD

Date Issued:
NOVEMBER 5, 2018

Revisions:

Sheet Title:
PAVER PLAN
& DETAILS

Sheet Number:
LS 2.03

1400 FM 407
Northlake, TX 76247
940-648-3290
Fax 940-648-0363

Town of Northlake

Memo

To: Honorable Mayor and Town Council

From: Karen Bolyard, Finance Director

CC: Drew Corn, Town Administrator

Shirley Rogers, Town Secretary

Date: February 28, 2019

Re: Presentation of Fiscal Year 2018 Comprehensive Annual Financial Report

---

The results of the fiscal year 2018 Comprehensive Annual Financial Report (CAFR) for the Town of Northlake will be presented by Mike Vail, with the independent audit firm of M. Vail & Associates. The auditor's opinion is an unqualified or "clean" opinion. This means that they have found the Financial Statements of the Town of Northlake fairly represent our financial position. A copy of the fiscal year 2018 CAFR is attached for your review.

When comparing the fiscal year 2018 with the prior year, the overall net position of the Town increased 29.71% or $4,405,356 with governmental activities increasing their net assets by $2,031,898 or 21.58% and business-type activities increasing their net assets by $2,373,461 or 43.88%. At the end of FY 2018 government wide net position was $19,350,861 of which $11,448,880 is for governmental activities, $7,782,628 is for business-type activities, and $9,897 is for the public improvement districts.

The Town's total net position of $19,350,861 is comprised of three components; net investment in capital assets, restricted, and unrestricted. $8,719,220 or 45.34%, reflects the Town's investment in capital assets (e.g., land, buildings, automobiles, equipment, construction in progress, water and sewer system, and infrastructure), less any debt used to acquire those assets that is still outstanding. $7,371,608 of the Town's net position is restricted, either by the Town Council or by statutory regulations, and can only be expended for their designated purposes. By year end, the Town had $3,140,680 of unrestricted net position that may be used to meet any ongoing or future obligations of our citizens or creditors.

At the end of FY 2018 government-wide revenues exceeded expenditures, or net position, by $5,231,594. Governmental programs' net position increased $2,031,898, business-type programs increased their net position by $2,373,458, and the public improvement districts increased their net position by $826,238 during FY 2018.

Please contact me at 940.242.5701 if you have any questions or comments.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Town of Northlake, Texas

Fiscal year ended September 30, 2018

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Town of Northlake, Texas

Annual Financial Report

Year ended September 30, 2018

Table of Contents

Town of Northlake, Texas

Annual Financial Report

Year ended September 30, 2018

Table of Contents

INTRODUCTORY SECTION

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February 20, 2019

To: The Honorable Mayor, Town Council Members, and the Citizens of Northlake:

The Comprehensive Annual Financial Report (CAFR) of the Town of Northlake, Texas for the fiscal year ended September 30, 2018 is submitted to you. Local Government Code Chapter 103 prescribes that a municipality shall have an annual audit by a licensed certified public accountant. The annual certified financial statements, including the auditor's opinion on the statement, must be filed with the Town's Secretary within 180 days after the Town's fiscal year end.

This report consists of management's representations concerning the finances of the Town; therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the management of the Town has established an internal controls framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with General Accepted Accounting Principals (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town for the fiscal year ending on September 30, 2018 are free of material misstatements. The Town's financial statements have been audited by M. Vail & Associates, P.C., Independent Certified Public Accountants. Their audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statements. Upon completion of the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the Town's financial statements for the fiscal year ended September 30, 2018 are fairly presented in conformity with GAAP. The auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Town Profile

The Town of Northlake is located in Denton County, Texas and town limits are approximately 17 square miles with an additional 15 square miles of extraterritorial jurisdiction. The Town is bisected by the Interstate 35W highway corridor and from this corridor begins at Fort Worth, Texas extends eastward towards Argyle, Texas, westward towards Justin, Texas and ends at Denton, Texas to the north.

The Town was incorporated on December 28, 1960 and per Texas Local Government Code is deemed a “General Law Type A” municipality. The Town operates under a “Mayor-Council” structure whereby policy making authority rests solely with the Mayor and Council and they must annually adopt a property tax rate and an operating budget, approve Town ordinances and resolutions and employ a Town Attorney, Municipal Judge, Town Administrator, and a Town Secretary The five Council members and Mayor serve two-year staggered terms and are elected at large.

The Town Administrator is responsible for implementing the policies, ordinances and resolutions enacted by the governing body, managing day-to-day operations of the Town, and appointing the department directors. The Town Secretary is the official record keeper of the Town.

The Town Council has created a Type A Economic Development Corporation and a Type B Community Development Corporation. Each of these corporations are operated by a board of directors that are appointed by the Mayor and Council members.

To better serve the residents of Northlake and to manage development, the Mayor and Council members have adopted a Comprehensive Future Land Use Plan, Parks, Recreation and Open Space Master Plan, Master Thoroughfare Plan and Unified Development Code.

Services Provided

The Town of Northlake provides police services, municipal court services, water and wastewater utility services, utility billing services, public works services, and developmental services.

Other Services Provided

Solid waste rubbish and collection services for the Town are contracted through Progressive Waste Solutions. Fire and EMS services is provided by Denton County Emergency Services Number 1 and is funded through a district-wide property tax levy. The Town contracts with the Upper Trinity Regional Water District and with City of Fort Worth for the purchase of wholesale water. Wastewater treatment and collection services are contracted with the Trinity River Authority.

Economic Conditions and Outlook

Due to the strength of the regions’ economic conditions, the proximity of the Town to major job centers within the Dallas-Fort Worth (DFW) and Denton Metroplexes, and the exemplary school districts within the Town has caused increased development within the Town.

During fiscal year 2018 welcomed the opening of several commercial businesses including an IHOP restaurant, Popeyes restaurant, BurgerIM restaurant, two 7-Eleven locations, and Milestone Dental of Northlake. During fiscal year 2018 two warehouse distribution companies relocated to Town; Allen Food Distribution and Lab Supply and reLogistics.

Residential growth continued during fiscal year 2018 with 195 new residential home permits being issued. 148 permits were issued in Canyon Falls, a master planned community east of I-35W and north of FM 1171. The remaining permits are from large lot neighborhoods with lot sizes ranging from one acre to five acres.

Fiscal Year 2018 Budget

The general themes of the 2018 fiscal year adopted budget was to maintain one of the lowest tax rates in Denton County, protect the Town's future and existing infrastructure, service enhancements, continued funding of maintenance and operational activities, and to maintain the fiscal health of the Town's net position.

In order to achieve the goals mentioned above, the Town Council maintained the same property tax rate of prior years'; $0.295 per $100.00 of valuation. In addition, the Town approved the following expenditures:

- Roadway projects consisting of the repaving of Florance Road from FM 407 to Strader Road, the paving of Cleveland-Gibbs Road from FM 407 to FM 1171, the paving of Sam Lee Lane from Ashmore Lane to 1,850 feet east, and the microseal of Schober Road and Bingham Road.

- The expansion of personnel by the addition of two administrative assistant positions; one for the Public Works department and the other for the Police Department, the creation of a Public Works Inspector, and the creation of a Code Compliance Officer in Development Services.

- Employment benefits were enhanced by the implementation of a tiered salary increase from 3% - 4%, reduction of service retirement from 25 years to 20 years, and the implementation of an education incentive for post-secondary degrees.

- Equipment purchases for Police Officer safety, traffic enforcement, criminal investigations, and the purchase of vehicles for the Police Department, Public Works Department, and the Code Compliance Officer.

- The finish out of the Town Hall lease space and the movement staff to the new space during the summer of 2018.

- Begin design of Phase 3 of the northern pressure plain and Phase 1 of the southern pressure plain including ground storage, pumps and elevated tanks.

The majority of the adopted budget goals were completed during fiscal year 2018 with the exception of the completion of Cleveland-Gibbs Road and Sam Lee Road which was completed during the first quarter of fiscal year 2019. Due to poor weather conditions, the Town Hall lease space was not completed until November 2018 with administrative, municipal courts, and developmental services moving into the new space during the first week of December 2018.

Accounting and Budgetary Controls

In developing and maintaining the Town's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the evaluation of costs and benefits requires estimates and judgements by management.

All of the Town's internal control evaluations occur within the above framework. We believe the Town's internal controls both adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The annually adopted budget serves as the foundation of the Town Council's financial and planning control. State law requires the budget to be adopted by the Town Council, on an annual basis, before the start of the new fiscal year. In addition, state law requires that the Town Council hold public hearings so that citizens may have the opportunity to review and provide comment on the proposed budget.

In assist the Mayor and Town Council with the annual budget, The Town Administrator and Departmental Directors prepare program expenditure and revenue estimates for the remainder of the current fiscal year as well as for the upcoming fiscal year. These estimates are submitted to the Town Council for consideration for revisions to the current year fiscal budget and for the adoption into the upcoming fiscal year budget.

A budgetary comparison to actual activities is provided later in this report for the General Fund, Hotel/Motel Fund, Capital Projects Fund, Economic Development Corporation, and the Community Development Corporation.

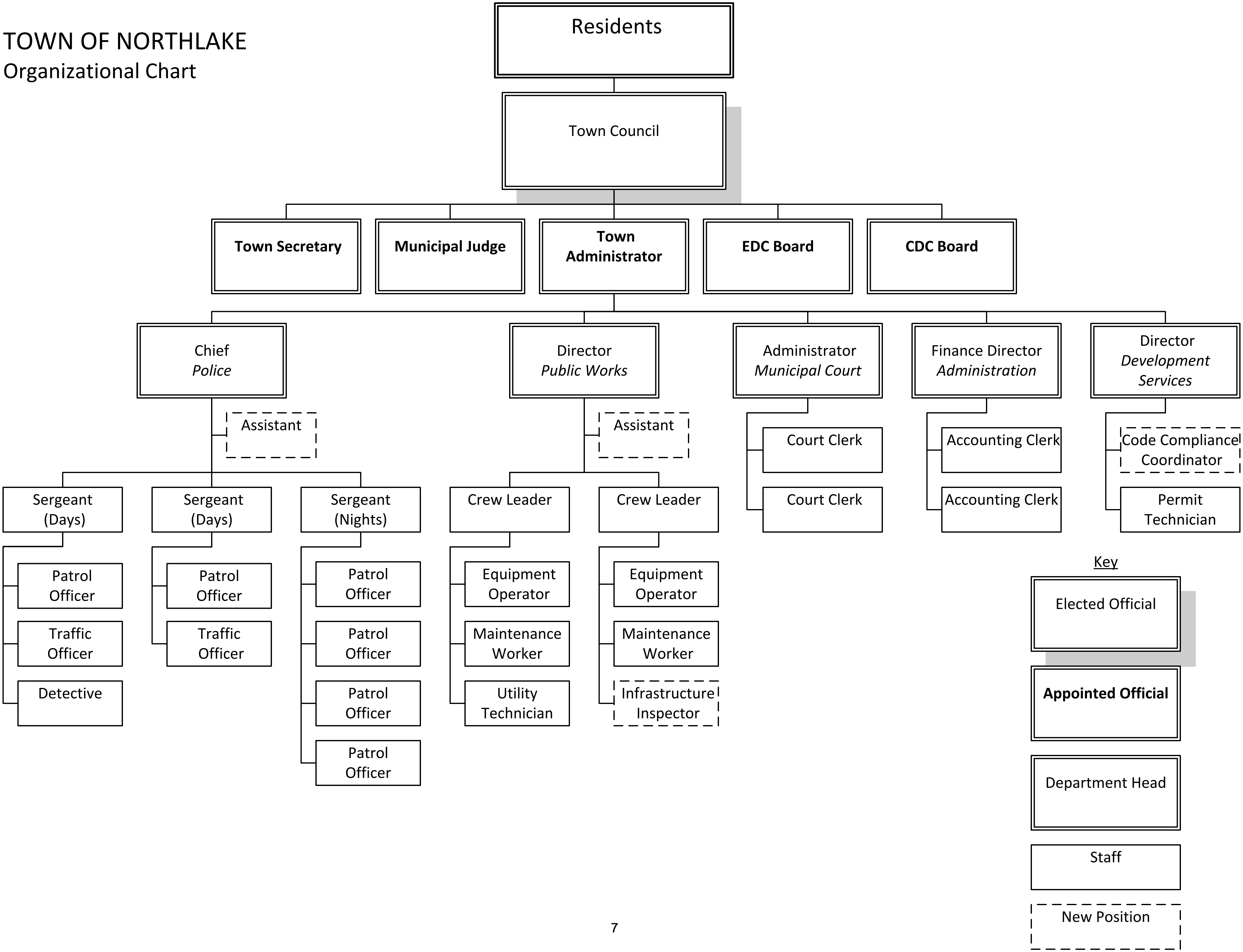
Acknowledgements
We would like to express our appreciation to the Mayor and Town Council for their leadership and support in planning and conducting the financial operations of the Town. In addition, we would like to thank the entire staff of the Town as this report could not be accomplished without their dedicated service to the Town.

Respectfully Submitted;

________________________ __________________________

Drew Corn, Town Administrator | Karen Bolyard, Director of Finance

TOWN OF NORTHLAKE
Organizational Chart



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List of Elected and Appointed Officials

Town of Northlake, Texas

<u>Town Mayor and Council Members</u>

Peter Dewing
Mayor

Brian Montini, Place 3
Mayor Pro Tem

Rena Hardeman, Place 1
Council Member

Jimmy Lambert, Place 2
Council Member

Roger Sessions, Place 4
Council Member

Danny Simpson, Place 5
Council Member

<u>Appointed Officials</u>

Shirley Rogers
Town Secretary

Drew Corn
Town Administrator

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FINANCIAL SECTION

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M.Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pai, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

Report of Independent Auditors

To the Honorable Mayor and Town Council
Town of Northlake, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining fund information of the Town of Northlake, Texas (the "Town") as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor judgment, including the assessment of the risks of the material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

1801 Gateway Blvd., Ste. 212, Richardson, TX 75080
Main: 214-660-2000 | Office: 972-234-3333 | Fax: 972-234-3331
www.vailcpas.com

Other matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and required supplementary information on pages 15-25 and 65-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements on pages 71-78 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Governmental Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2019 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

M. Cail & Associates, P.C.

Richardson, Texas
February 20, 2019

Our discussion and analysis of Town of Northlake's financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2018. Please read it in conjunction with the Town's financial statements.

Financial Highlights

- At the close of the most recent fiscal year, the total net position of the Town was $19,231,508. Of this amount, $3,140,680 is unrestricted and may be used to meet any of the Town's ongoing obligations to citizens and creditors, $7,371,608 is restricted for specific activities and $8,719,220 is invested in the Town's capital assets, net of their related debt.

- When compared with the prior fiscal year, the Town's total net position increased by $4,405,356 or 29.71%. Governmental activities increased their net position by 21.58% or $2,031,898 while business-type activities increased their net position by 43.88% or $2,373,461.

- At the end of the fiscal year, government-wide revenues exceeded expenses by $4,405,356. Governmental revenues exceeded expenses by $1,831,898 while business-type revenues exceeded expenses by $2,573,458.

- The Town's proprietary funds generated $1,236,821 in operating income for the year. When comparing the operating activities to the prior year, revenues increased 37.44% or $1,234,357 and expenditures increased 28.23% or $725,201.

Overview of the Financial Statements

The discussion and analysis are intended to serve as an introduction to the Town of Northlake's basic financial statements. The Town's basic financial statements are comprised of three components:

1) Government-wide financial statements
2) Fund financial statements
3) Notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements present two different views of the Town through the use of government-wide statements, and fund financial statements, The Government-wide financial statements provide both short and long-term information about the Town while the fund financial statements focus on the activities of the individual components.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town of Northlake's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town of Northlake's assets and liabilities, with the difference between the two reported as net position. The Town's total net position is segmented for both restricted and unrestricted uses. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Northlake is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Northlake that are principally supported by taxes and inter-governmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, municipal court, police, public works, economic development and promotional. The business-type activities of the Town include water and sewer activities. Component units consist of two public improvement districts.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The Town of Northlake, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the Town can be divided into two categories; governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five individual major governmental funds as well as other non-major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General, Capital Recovery Fees, Hotel/Motel Tax funds, Capital Projects, Debt Service, and Non-Major Governmental funds.

The Town adopts an annual appropriated budget for all of its governmental funds, except for some non-major funds. A budgetary comparison statement has been provided for all budgeted governmental funds to demonstrate compliance with its budget. This comparison can be found in the Required Supplementary Information section of this report.

Proprietary Funds. The Town maintains two types of proprietary funds; enterprise fund and internal service funds. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and sewer activities. The Town uses three internal service funds; one to account for its equipment purchases and equipment maintenance; the second internal service fund is utilized for maintenance of Town facilities; and the third is for technology resources. Proprietary funds provide the same type of information as the government-wide financial statements.

Component Units. The component units of the Town consist of two public improvement districts; The Highlands Public Improvement District No. 1 and The Town of Northlake Public Improvement District No. 1 for which the Town's elected officials are financially accountable for. Both of these districts derive their revenues through property assessments that are utilized exclusively for each district.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison schedules for certain Governmental Funds.

Government-wide Financial Analysis

Government-wide Net Position. In order for the Town to provide services to its citizens, the Town operates both governmental and business -type activities. Governmental activities provide services for public works, police, municipal courts, developmental, promotional services, and general governmental activities. The Town provides water and sewer utilities to its residents and these activities are known as business-type activities.

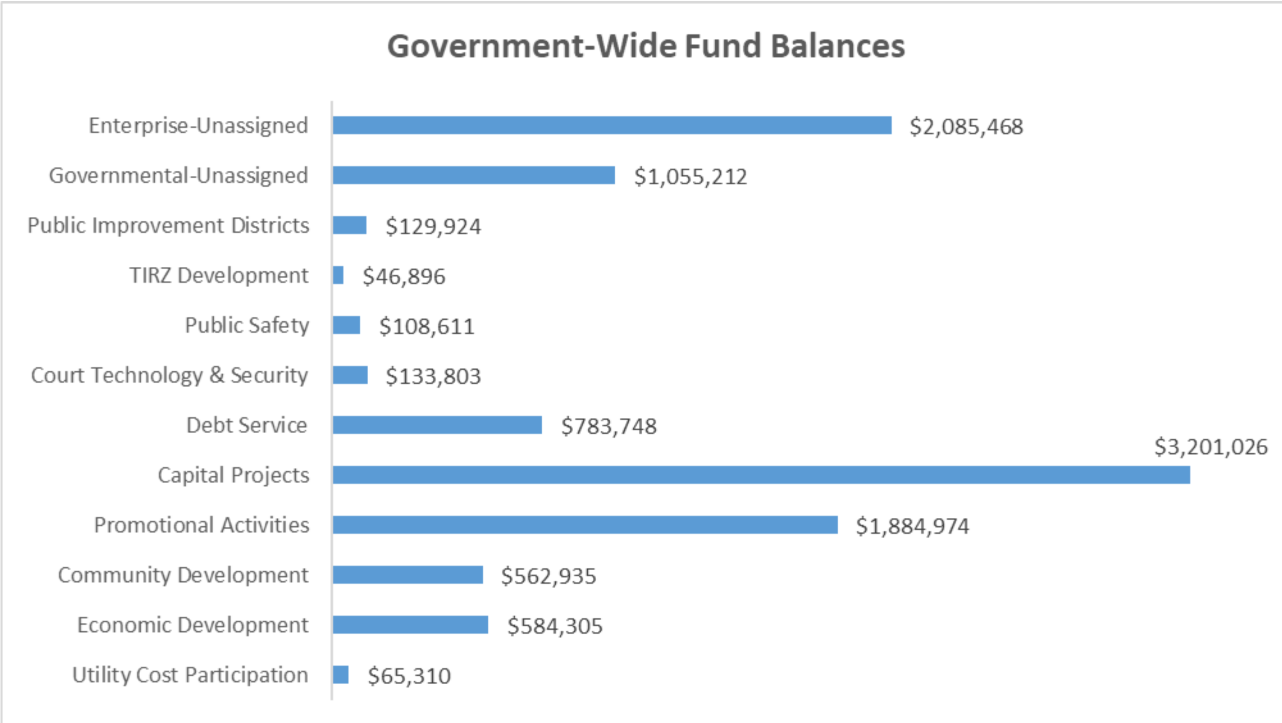
The following chart compares the Town's current net position to the prior fiscal years net position for both governmental and business-type activities:

Town of Northlake's Net Position

	Primary Government						Component Units	
	Governmental Activities		Business-type Activities		Total		Public Improvement Districts	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Assets:								
Current and Other Assets	$ 11,520,643	$ 12,777,065	$ 3,399,217	$ 2,333,944	$ 14,919,860	$ 15,111,009	$ 141,064	$ 145,746
Net Capital Assets	10,907,711	8,794,695	6,060,818	4,258,425	16,968,529	13,053,120	3,419,973	-
Total Assets	22,428,354	21,571,760	9,460,035	6,592,369	31,888,389	28,164,129	3,561,037	145,746
Deferred outflows of resources	177,472	262,925	9,613	54,338	187,085	317,263	4,475	-
	177,472	262,925	9,613	54,338	187,085	317,263	4,475	-
Liabilities:								
Long-term Liabilities Outstanding	8,882,961	12,304,534	419,550	756,967	9,302,511	13,061,501	3,540,000	-
Other Liabilities	1,985,497	667,530	1,267,470	480,573	3,252,967	1,148,103	15,615	26,393
Total Liabilities	10,868,458	12,972,064	1,687,020	1,237,540	12,555,478	14,209,604	3,555,615	26,393
Deferred inflows of resources	288,488	261,980	-	-	288,488	261,980	-	-
Net Position:								
Net Investment In Capital Assets	3,022,060	(3,159,736)	5,697,160	4,258,425	8,719,220	1,098,689	(120,027)	-
Restricted	7,371,608	10,003,239	-	-	7,371,608	10,003,239	129,924	119,353
Unrestricted	1,055,212	2,573,478	2,085,468	1,150,742	3,140,680	3,724,220	-	-
Total Net Position	$ 11,448,880	$ 9,416,981	$ 7,782,628	$ 5,409,167	$ 19,231,508	$ 14,826,148	$ 9,897	$ 119,353

As noted earlier, net position may serve over time as a useful indicator of the Town's financial position. As of September 30, 2018, the Town of Northlake's assets exceeded liabilities by $19,332,911. When compared to the prior year, the overall net position of the Town increased 29.71% or $4,405,356 with governmental activities increasing $2,031,898 or 21.58% and business-type activities increasing their net position by $2,373,461 or 43.88%.

The Town's net position is comprised of three components; net investment in capital assets, restricted, and unrestricted. The following table reflects the designated purpose of the Town's total net position.



A portion of net position, $8,719,220 or 45.34%, reflects the Town's investment in capital assets (e.g., land, buildings, automobiles, equipment, construction in progress, water and sewer system, and infrastructure), less any debt used to acquire those assets that is still outstanding.

These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

$7,371,608 of the Town's net position is restricted, either by the Town Council or by statutory regulations, and can only be expended for these designated purposes.

The Town's unrestricted total net position of $3,140,680 or 16.33% of total net assets may be used by the Town Council to meet any ongoing or future obligations to citizens and creditors.

The Town has two public improvement districts that are presented as components units in the financial statements. Each district collects annual assessments from each property owner that are utilized exclusively for benefit of their district. The assessments pay for the districts infrastructure, maintenance of parks and open spaces, and the debt related to the infrastructure of the districts.

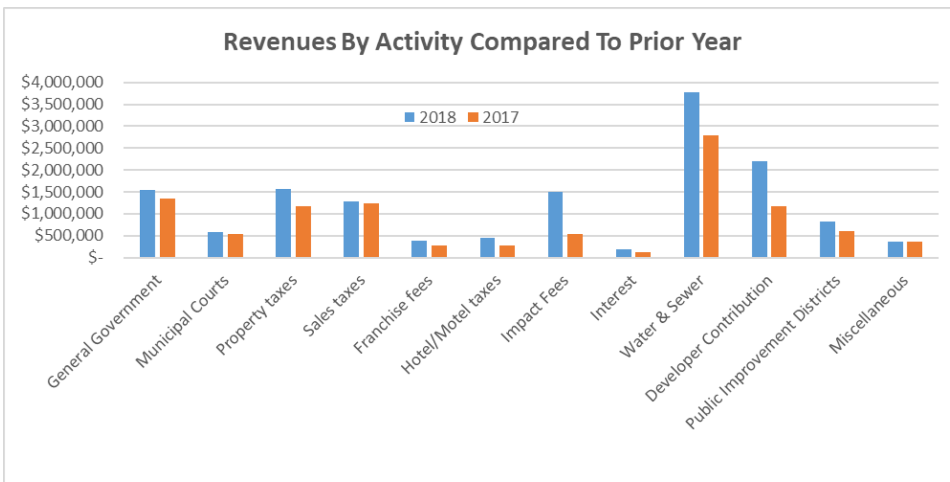
As of September 30, 2018, the Town is able to report a positive balance in all categories of net position, for the government as a whole, as well as all categories for its separate governmental and business-type activities.

Government-wide Changes in Net Position. The Statement of Activities presents information showing how the Town's net assets changed during the fiscal year. In order for the user of these financial statements to gain clarity about the changes in activities, it is useful to compare the activities with the prior year. The following table provides a comparison between fiscal year 2018 and fiscal year 2017:

Town of Northlake's Changes In Net Position

	Primary Government Revenues						Component Units Revenues	
	Governmental Activities		Business-type Activities		Total		Public Improvement Districts	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2017-18
Total Revenues	$ 7,043,288	$ 6,508,746	$ 5,887,844	$ 3,335,636	$ 12,931,132	$ 9,844,382	$ 1,713,296	$ 619,361
Total Expenditures	5,211,390	5,359,568	3,314,386	2,594,986	8,525,776	7,954,554	1,822,752	1,873,516
Change Before Transfers	1,831,898	1,149,178	2,573,458	740,650	4,405,356	1,889,828	(109,456)	(1,254,155)
Transfers	200,000	172,262	(200,000)	(172,262)	-	-	-	-
Change In Net Position	2,031,898	1,321,440	2,373,458	568,388	4,405,356	1,889,828	(109,456)	(1,254,155)
Net Position - Beginning Balance	9,416,982	6,774,190	5,409,167	4,840,779	14,826,149	11,614,969	119,353	1,373,508
Prior Period Adjustment	-	-	-	-	-	-	-	-
Net Position - Ending Balance	$ 11,448,880	$ 8,095,630	$ 7,782,625	$ 5,409,167	$ 19,231,505	$ 13,504,797	$ 9,897	$ 119,353

The following chart depicts the current years' government wide revenues with prior years' revenues:



Below are the highlights of the changes in revenues:

- Impact Fees increased $946,191 or 173.33% over the prior year due to both commercial and residential development.

- Contributions from developers for water infrastructure caused an increase of $1,020,406 or 87.21% in Developer Contributions when compared to the prior year.

- Hotel/Motel occupancy taxes increased 65.86% or $176,482 over the prior year.

- When compared to the prior year, total property tax collections increased by $393,411 or 33.37% of which approximately $264,445 was due to new construction.

- Due to the increase in the number of residential homes and commercial buildings, Franchise Fees rose 33.24% or $93,816 when compared to the prior year.

When compared to the prior year, government-wide expenditures increased $1,343,930 or 16.66%. The following chart depicts the government-wide expenditures of the Town:

Expenditures By Activity Compared To Prior Year

	2018	2017	% Increase/Decrease	Variance
General government	$ 928,400	$ 634,694	46.28%	$ 293,706
Municipal court	$ 263,078	$ 279,833	-5.99%	$ (16,755)
Development services	$ 1,274,815	$ 932,591	36.70%	$ 342,224
Police	$ 1,574,463	$ 1,312,199	19.99%	$ 262,264
Public works	$ 952,983	$ 1,016,548	-6.25%	$ (63,565)
Promotional	$ 67,431	$ 61,929	8.88%	$ 5,502
Water & Sewer	$ 3,294,171	$ 2,568,970	28.23%	$ 725,201
Public Improvement Districts	$ 887,058	$ 803,247	10.43%	$ 83,811
Interest & fiscal charges	$ 170,435	$ 458,893	-62.86%	$ (288,458)
	$ 9,412,834	$ 8,068,904	16.66%	$ 1,343,930

Increases in the Town's expenditures can be attributed to the following activities:

- Development Services experienced a 25% or $120,394 in expenditures for property tax reimbursements, pioneer grants, and jobs grants from the prior year.

- Expansion of the Town's workforce caused a 37.86% or $176,128 over prior year expenditures. During fiscal year 2018 new personnel of a public works inspector, public works administrative coordinator, and a police department administrative assistant were added.

- The Town experienced a 70.46% or $1,210,100 increase in capital expenditures for infrastructure and roadway projects during fiscal year 2017. Expenditures of $1,300,000 occurred in The Highlands Public Improvement District for infrastructure and roadways. In addition, the Town completed the Dale Earnhardt Way road project and began work on the Florance Road and Cleveland-Gibbs roadway projects.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a town's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Town of Northlake's governmental funds reported combined ending fund balances of $9,202,902. When compared to the prior fiscal year end, the combined fund balances experienced a decrease of (17.18%) or $1,909,450 and is mainly due to capital project expenditures. The following is a listing of the capital projects expenditures:

Project Description	Amount	Project Status
Florance Road Project	$ 671,452	Completed during FY 2018
Dale Earnhardt Way Crossover	9,901	Completed during FY 2018
Cleveland-Gibbs Road Project	2,704,690	Estimated completion in FY 2019
Sam Lee Road Extension	124,223	Estimated completion in FY 2019
Right Of Way Acquisitions	7,899	Completed during FY 2018
Total	$ 3,518,165	

Proprietary Funds. The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements.

Total net position for business-type activities is $7,782,628 and is comprised of $2,085,468 or 26.80% in unrestricted net assets while $5,697,160 or 73.20% reflects its investment in capital assets (e.g., land, buildings, automobiles, equipment, construction in progress, water and sewer system and infrastructure), less any debt used to acquire those assets that is still outstanding.

Net position invested in capital assets is used to provide services to water and sewer customers; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of the proprietary funds for business–type activities increased by $934,726 or 81.23% from the prior year. This increase is mainly attributable to increases in water and sewer service revenues and the collection of impact fees from both commercial development and new home construction. The unrestricted surplus may be used to meet future infrastructure needs.

Changes in net position of the proprietary funds is depicted in the following table:

Town of Northlake's Changes In Net Position - Proprietary Funds

	FY 2017-18	FY 2016-17	Variance	% Increase/ Decrease
Operating Revenues:				
Water Sales	$ 2,601,388	$ 1,848,862	$ 752,526	40.70%
Sewer Sales	1,182,470	938,277	244,193	26.03%
Water/Sewer Impact Fees	747,134	509,496	237,638	46.64%
Total Operating Revenues	4,530,992	3,296,635	1,234,357	37.44%
Operating Expenses:				
Salaries & wages	402,466	331,210	71,256	21.51%
Supplies	36,263	38,546	(2,283)	-5.92%
Maintenance	103,733	107,506	(3,773)	-3.51%
Wholesale water	1,528,569	881,097	647,472	73.48%
Sewer	595,042	732,937	(137,895)	-18.81%
Utilities	38,618	35,001	3,617	10.33%
Services	475,694	318,304	157,390	49.45%
Depreciation	113,726	124,369	(10,643)	-8.56%
Total Operating Expenses	3,294,111	2,568,970	725,141	28.23%
Operating Income (Loss)	$ 1,236,881	$ 727,665	$ 509,216	69.98%

Both the revenues and expenditures of the water/sewer fund increased from the prior year and is attributable to the increase in both commercial and residential activity during the year.

Internal Service Funds. The Town has three internal service funds that are utilized to provide equipment and services to the departments of the Town. These funds are comprised of the Technology Internal Service Fund, Equipment Internal Service Fund and Building Service Fund. These internal service funds are maintained by budgeted quarterly transfers from the departments within the Town and by Town Council's approved funding for specific large purchases.

The Internal Service Funds of the Town are presented as a component of the Proprietary Funds. Similar to business-type activities, internal service fund's net investment in capital assets are used to provide services to the departments of the Town and are not available for future spending. As of September 30, 2018, the internal service funds total unrestricted net position of the internal service funds is $185,859.

Capital Asset and Debt Administration

Capital Assets. As of September 30, 2018, the Town has $20,388,502 in capital assets. When compared to the prior year end, government-wide capital assets increased by $4,561,077 or 28.82%. The following table illustrates the Town's capital assets:

Town of Northlake's Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total		Public Improvement Districts	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Land	$ 2,770,951	$ 2,770,951	$ 97,567	$ 97,567	$ 2,868,518	$ 2,868,518	$ -	$ -
Construction in Progress	3,686,821	317,927	-	-	3,686,821	317,927	-	-
Buildings and Improvements	202,318	158,701	25,074	26,247	227,392	184,948	-	-
Furniture and Fixtures	3,868	-	-	-	3,868	-	-	-
Automobiles	738,457	660,543	-	-	738,457	660,543	-	-
Equipment	117,394	118,161	19,834	1	137,228	118,162	-	-
Infrastructure	2,585,531	4,768,410	-	-	2,585,531	4,768,410	3,419,973	-
Leased Building (Intangible Asset)	802,371	-	-	-	802,371	-	-	-
Water and Sewer System	-	-	5,918,343	4,134,611	5,918,343	4,134,611	-	-
Total	$ 10,907,711	$ 8,794,693	$ 6,060,818	$ 4,258,426	$ 16,968,529	$ 13,053,119	$ 3,419,973	$ -

Major capital asset expenditures for fiscal year 2018 included the following:

- $3,586,785 in roadway improvements for Sam Lee Lane, Cleveland-Gibbs Road, Florance Road and Dale Earnhardt Parkway.
- $41,615 in technology enhancements.
- $200,200 in vehicles; two vehicles for public works, two vehicles for the police, and one vehicle for code compliance.
- $47,087 for a Town Hall roof replacement.
- $1,896,021 in water infrastructure

Additional information on the Town's capital assets can be found in Note 4 of this report.

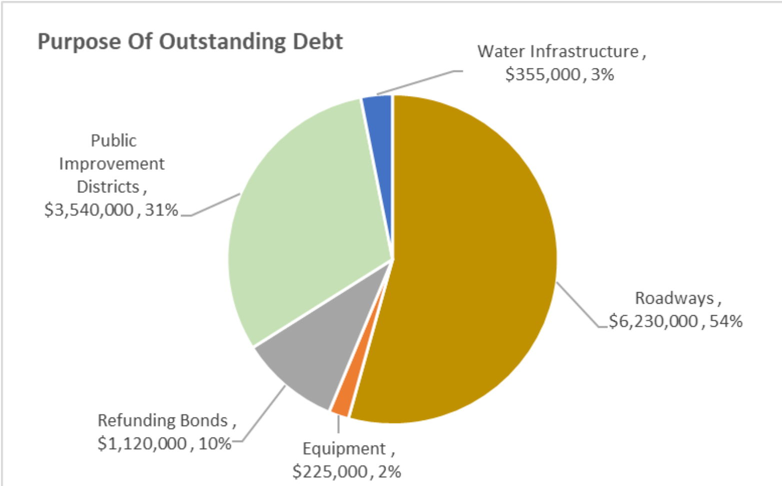
Long-term Debt. At the end of the current fiscal year, the Town had total debt of $11,470,175. When compared to the prior fiscal year, the Town's debt principal decreased by $839,553 of (6.82%) through semi-annual scheduled payments. All of the debt obligations of the Town were paid on time and in accordance with their agreed upon terms.

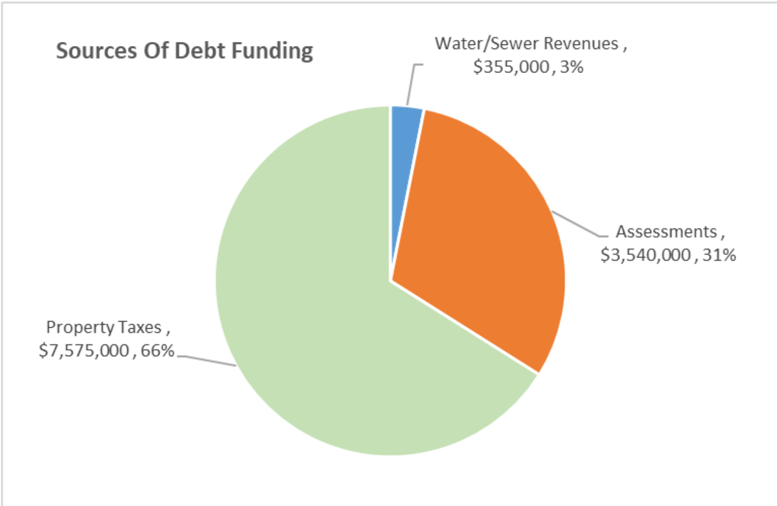
The following table illustrates the type of outstanding debt:

Town of Northlake's Outstanding Debt

	Governmental Activities		Business-type Activities		Total		Public Improvement Districts	
	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17	FY 2017-18	FY 2016-17
Capital Leases	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Note Payable	-	-	-	294,553	-	294,553	-	-
Certificates of Obligation	7,575,000	7,930,000	355,175	375,175	7,930,175	8,305,175	3,540,000	3,710,000
Total	$ 7,575,000	$ 7,930,000	$ 355,175	$ 669,728	$ 7,930,175	$ 8,599,728	$ 3,540,000	$ 3,710,000

The following charts depict the purpose and the sources of funding for the Town's outstanding debt:





Additional information on the Town's long-term debt can be found in Note 5 of this report.

Governmental Funds Budgetary Highlights

The Town anticipated the general fund balance to decrease ($340,823) by the end of fiscal year 2018; from $1,857,987 to $1,517,164. When comparing the actual results of the 2018 fiscal year activity to the revised budget, there was an increase of $314,130 or 20.71% in fund balance for an ending fund balance of $1,831,294. Actual revenues slightly exceed budget by 1.40% or $57,809 while general fund expenditures were ($287,202) or (6.84%) less than budget expectations. The decrease in anticipated expenditures is mainly attributable to two employee vacancies in the Public Works Department and capital expenditures for the Police Department that were not purchased until the first quarter of fiscal year 2019.

Budget expectations for the Hotel/Motel Tax Fund anticipated a net increase in fund balance of $219,230 by the end of the fiscal year, but by the end of the fiscal year the net change in fund balance was $400,667 representing an increase over budget expectations of $181,437 or 82.76%. The contributing factors of this unexpected increase was due to an increase of $144,447 or 48.15% in the collection of occupancy taxes and delaying a market retail study.

When comparing budget expectations to actual activity in the Capital Projects Fund, expenditures exceeded budget expectations by $2,201,125 or 151.80%. This is attributable to roadway construction occurring faster than anticipated. During fiscal year 2018 two roadway projects were completed; the Dale Earnhardt Way Crossover project for a cost of $9,901 and the Florance Road Project was completed at cost of $886,522. In addition, two other roadway projects incurred expenditures during the fiscal year and both projects are anticipated to be completed during fiscal year 2019. Expenditures of $2,712,590 were made for the Cleveland-Gibbs Road project and $124,233 in expenditures were incurred for the Sam Lee Lane extension.

The Debt Service Fund's incurred an 8.84% or $63,655 unanticipated fund balance increase due to a human keying error of the budget. The budget for $20,000 in bond payments for the 2014-B certificates of obligation was incorrectly keyed to the Debt Service Fund. The bond was issued for the oversizing of a water line and the payment was correctly issued from the enterprise fund.

The Type A Economic Development Corp. and the Type B Community Development Corp. anticipated a decrease of ($86,375) in each of their fund balances by the end of fiscal year 2018. Each of these entities experienced actual decreases of only ($28,086) to each of their fund balances during the fiscal year. The savings is attributable to a market retail study being postponed and by a 7% increase in sales tax revenues.

Economic Factors and Next Year's Budgets and Rates

The Town of Northlake does not plan on increasing any property tax rates during the fiscal year 2018-2019. Overall, general fund revenues are expected to be higher during the next fiscal year. Due to the continued residential and commercial development, property tax revenue and development fees are expected to increase during fiscal year 2019. Expenses for the general fund are expected to slightly increase due to the Town's staffing of new positions, maintaining of service levels and the increase development related expenditures. The Town anticipates the maintaining of a surplus fund balance at the end of fiscal year 2019.

Water and sewer fund revenues are expected to be higher than fiscal year 2018-2019 due to additional customers. In order to maintain service levels with the increase in new customers, expenditures are expected to rise during the fiscal year. The increases will occur from an increase in staff levels, maintenance costs and the purchase of wholesale water. The water and sewer fund projects a surplus in fund balance at the end of fiscal year 2019.

Request for Information

The financial report is designed to provide out citizens, customers, investors and creditors with a general overview of the Town's finances. If you have questions about this report or need additional information, contact the Town Secretary: Attn: Town Secretary at 1500 Commons Circle, Ste. 300, Northlake, Texas 76226, phone: (940) 648-3290 or email townsecretary@town.northlake.tx.us.

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Town of Northlake, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Public Improvement Districts
Assets and Deferred Outflows of Resources				
Assets				
Cash and cash equivalents	$ 10,960,180	$ 2,675,370	$ 13,635,550	$ 140,800
Receivables (net of allowance for uncollectibles)	514,811	432,386	947,197	264
Prepaid expense	7,124	248	7,372	-
Other receivables	198	3,213	3,411	-
Deposits and other assets	38,330	288,000	326,330	-
Capital assets (net of accumulated depreciation):				
Land	2,770,951	97,567	2,868,518	-
Construction in progress	3,686,821	-	3,686,821	-
Buildings and improvements	202,318	25,074	227,392	-
Furniture and fixtures	3,868	-	3,868	-
Automobiles	738,457	-	738,457	-
Equipment	117,394	19,834	137,228	-
Infrastructure	2,585,531	-	2,585,531	3,419,973
Leased building (intangible asset)	802,371		802,371	-
Water and sewer system	-	5,918,343	5,918,343	-
Total capital assets	10,907,711	6,060,818	16,968,529	3,419,973
Total assets	22,428,354	9,460,035	31,888,389	3,561,037
Deferred outflows of resources	177,472	9,613	187,085	4,475
Total Assets and Deferred Outflows of Resources	22,605,826	9,469,648	32,075,474	3,565,512
Liabilities and Deferred Inflows of Resources				
Liabilities				
Accounts payable	1,626,340	815,336	2,441,676	-
Accrued liabilities	87,475	5,458	92,933	15,615
Lease liabilities - current	121,682	-	121,682	-
Customer and developer deposits	150,000	446,676	596,676	-
Noncurrent liabilities:				
Net pension liabilities	316,621	55,892	372,513	-
Lease liabilities - noncurrent	680,689	-	680,689	-
Due within one year	396,510	24,297	420,807	175,000
Due in more than one year (net of unamortized bond premium)	7,489,141	339,361	7,828,502	3,365,000
Total liabilities	10,868,458	1,687,020	12,555,478	3,555,615
Deferred inflows of resources	288,488	-	288,488	-
Total Liabilities and Deferred Inflows of Resources	11,156,946	1,687,020	12,843,966	3,555,615
Net Position				
Net investment in capital assets	3,022,060	5,697,160	8,719,220	(120,027)
Restricted for:				
Utility cost participation	65,310	-	65,310	-
Promotional activities	1,884,974	-	1,884,974	-
Capital projects	3,201,026	-	3,201,026	-
Debt service	783,748	-	783,748	-
Court technology and security	133,803	-	133,803	-
Public safty	108,611	-	108,611	-
TIRZ development	46,896	-	46,896	-
Economic development	584,305	-	584,305	-
Community development	562,935	-	562,935	-
Public Improvement Districts	-	-	-	129,924
Unrestricted	1,055,212	2,085,468	3,140,680	-
Total Net Position	$ 11,448,880	$ 7,782,628	$ 19,231,508	$ 9,897

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Statement of Activities
Year Ended September 30, 2018

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Units
Program Activities	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Public Improvement Districts
Primary Government:								
Governmental activities:								
General government	$ 928,400	$ 1,546,713	$ -	$ -	$ 618,313	$ -	$ 618,313	$ -
Municipal court	263,078	578,133	-	-	315,055	-	315,055	-
Development services	1,274,815	-	-	-	(1,274,815)	-	(1,274,815)	-
Police	1,574,463	-	-	-	(1,574,463)	-	(1,574,463)	-
Public works	952,983	-	-	-	(952,983)	-	(952,983)	-
Promotional	67,431	-	-	-	(67,431)	-	(67,431)	-
Interest and fiscal charges	150,220	-	-	-	(150,220)	-	(150,220)	-
Total governmental activities	5,211,390	2,124,846	-	-	(3,086,544)	-	(3,086,544)	-
Business-type activities:								
Water and sewer	3,294,171	3,783,858	-	1,300,406	-	1,790,093	1,790,093	-
Interest and fiscal charges	20,215	-	-	-	-	(20,215)	(20,215)	-
Total business-type activities	3,314,386	3,783,858	-	1,300,406	-	1,769,878	1,769,878	-
Total primary government	$ 8,525,776	$ 5,908,704	$ -	$ 1,300,406	$ (3,086,544)	$ 1,769,878	$ (1,316,666)	$ -
Component Units:								
Public Improvement Districts	784,263	-	-	890,000	-	-	-	105,737
Interest and fiscal charges	102,795	-	-	-	-	-	-	(102,795)
Total component units:	$ 887,058	$ -	$ -	$ 890,000	$ -	$ -	$ -	$ 2,942
Change in Net Position								
General revenues:								
Taxes:								
Property taxes					1,572,424	-	1,572,424	-
Sales taxes					1,284,730	-	1,284,730	-
Franchise taxes					376,093	-	376,093	-
Hotel/Motel taxes					444,447	-	444,447	-
Interest					160,360	37,718	198,078	482
Assessment					-	-	-	822,814
Roadway impact fees					744,960	747,134	1,492,094	-
Miscellaneous					335,428	18,728	354,156	-
Transfers					200,000	(200,000)	-	-
Total general revenues and transfers					5,118,442	603,580	5,722,022	823,296
					2,031,898	2,373,458	4,405,356	826,238
Net position - beginning					9,416,982	5,409,170	14,826,152	(816,341)
Net position - ending					$ 11,448,880	$ 7,782,628	$ 19,231,508	$ 9,897

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Balance Sheet - Governmental Funds
September 30, 2018

	General Fund	Capital Recovery Fees Fund	Hotel/Motel Tax Fund	Capital Projects Fund	Debt Service Fund	Non Major Governmental Funds	Total Governmental Funds
Assets							
Cash and cash equivalents	$ 1,868,160	$ 974,376	$ 1,852,187	$ 2,878,840	$ 772,355	$ 2,263,958	$ 10,609,876
Receivables:							
Property taxes, net	3,173	-	-	-	2,077	-	5,250
Sales taxes	111,794	-	-	-	-	111,794	223,588
Franchise taxes	134,246	-	-	-	-	-	134,246
Hotel/Motel taxes	-	-	33,384	-	-	-	33,384
Municipal court receivable, net	31,285	-	-	-	-	-	31,285
Other accounts receivable	51,445	35,613	-	-	-	-	87,058
Other assets	3,311	-	3	-	28,409	6,607	38,330
Total assets	2,203,414	1,009,989	1,885,574	2,878,840	802,841	2,382,359	11,163,017
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	250,172	759,066	3	334,249	-	150,544	1,494,034
Accrued liabilities	25,780	-	597	-	19,093	7,297	52,767
Deferred revenue	96,168	35,613	-	124,932	-	6,601	263,314
Developer deposits	-	150,000	-	-	-	-	150,000
Total liabilities	372,120	944,679	600	459,181	19,093	164,442	1,960,115
Fund balances:							
Restricted for							
Utility cost participation	-	65,310	-	-	-	-	65,310
Promotional activities	-	-	1,884,974	-	-	-	1,884,974
Capital projects	-	-	-	2,419,659	-	781,367	3,201,026
Debt service	-	-	-	-	783,748	-	783,748
Court technology and security	-	-	-	-	-	133,803	133,803
Public safety	-	-	-	-	-	108,611	108,611
TIRZ development	-	-	-	-	-	46,896	46,896
Economic development	-	-	-	-	-	584,305	584,305
Community development	-	-	-	-	-	562,935	562,935
Unrestricted	1,831,294	-	-	-	-	-	1,831,294
Total fund balance	1,831,294	65,310	1,884,974	2,419,659	783,748	2,217,917	9,202,902
Total liabilities and fund balance	$ 2,203,414	$ 1,009,989	$ 1,885,574	$ 2,878,840	$ 802,841	$ 2,382,359	$ 11,163,017

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2018

Total fund balances - governmental funds	$	9,202,902
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		8,497,677
Revenues earned but not available within sixty days of the year end are not recognized as revenue in the fund financial statements.		14,287
Costs associated with the issuance of governmental long-term debt are expensed when incurred in the fund statements and capitalized and amortized over the life of the debt in the government-wide financial statements.		177,472
Interest payable on long term debt does not require current financial resources; therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(34,708)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported in the fund financial statements.		(8,202,272)
Internal service funds are used by management to charge the costs of equipment to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,793,522
Net position of governmental activities	$	11,448,880

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year ended September 30, 2018

	General Fund	Capital Recovery Fees Fund	Hotel/Motel Tax Fund	Capital Projects Fund	Debt Service Fund	Non Major Governmental Funds	Total Governmental Funds
Revenues							
Taxes:							
Property	$ 885,559	$ -	$ -	$ -	$ 630,735	$ 73,451	$ 1,589,745
Sales and beverage	642,746	-	-	-	-	641,984	1,284,730
Franchise	376,093	-	-	-	-	-	376,093
Hotel/Motel	-	-	444,447	-	-	-	444,447
Building permits, plant and other fees	1,546,713	-	-	-	-	-	1,546,713
Municipal court	510,818	-	-	-	-	28,307	539,125
Interest income	6,699	2,763	14,421	110,931	2,688	17,388	154,890
Online access fees	-		-	-	-	17,724	17,724
Roadway impact fees	-		-	-	-	744,960	744,960
Miscellaneous	213,766	-	-	-	-	53,001	266,767
Total revenues	4,182,394	2,763	458,868	110,931	633,423	1,576,815	6,965,194
Expenditures							
Current:							
General government	866,111	4,920	-	22,086	-	-	893,117
Municipal court	257,457	-	-	-	-	27,730	285,187
Development services	610,551	-	-	-	-	691,164	1,301,715
Police	1,542,814	-	26,991	-	-	4,345	1,574,150
Public works	623,885	-	-	110,874	-	-	734,759
Promotional	-	-	31,210	-	-	36,221	67,431
Capital outlay	8,269	-	-	3,518,165	-	-	3,526,434
Debt service:							
Principal	-	-	-	-	355,000	-	355,000
Interest and fiscal charges	-	-	-	-	171,205	-	171,205
Total expenditures	3,909,087	4,920	58,201	3,651,125	526,205	759,460	8,908,998
Excess (deficiency) of revenues over expenditures	273,307	(2,157)	400,667	(3,540,194)	107,218	817,355	(1,943,804)
Other financing sources (uses)							
Transfers in	200,000	-	-	-	550,000	-	750,000
Transfers out	(500,000)	-	-	-	-	(96,293)	(596,293)
Total other financing sources (uses)	(300,000)	-	-	-	550,000	(96,293)	153,707
Net change in fund balances	(26,693)	(2,157)	400,667	(3,540,194)	657,218	721,062	(1,790,097)
Fund balances - beginning	1,857,987	67,467	1,484,307	5,959,853	126,530	1,496,855	10,992,999
Fund balances - ending	$ 1,831,294	$ 65,310	$ 1,884,974	$ 2,419,659	$ 783,748	$ 2,217,917	$ 9,202,902

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The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
Year ended September 30, 2018

Net changes in fund balances - total governmental funds	$	(1,790,097)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		3,526,434
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(357,522)
The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		369,360
Current year changes in long-term liability for compensated absences do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(10,579)
Current year changes in accrued interest payable do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		6,625
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds.		3,963
Certain expenses in the government-wide statement of activities that do not require current financial resources are not reported as expenditures in the governmental funds.		(51,971)
Internal service funds are used by management to charge the costs of equipment to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		335,685
Change in net position of governmental activities	$	2,031,898

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Statement of Net Position
Proprietary Funds
September 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer	Equipment
Assets		
Current assets:		
Cash and cash equivalents	$ 2,675,370	$ 350,304
Accounts receivable, net	432,386	-
Prepaid expenses	248	7,124
Other receivables	3,213	198
Total current assets	3,111,217	357,626
Non-current assets:		
Property, plant and equipment:		
Land	97,567	-
Buildings and improvements	35,211	87,538
Furniture and fixtures	-	8,256
Automobiles	42,214	1,138,225
Equipment	25,024	142,169
Water and sewer system	6,625,912	-
Construction in progress	-	747,152
Leased building (intangible asset)	-	802,371
	6,825,928	2,925,711
Accumulated depreciation	(765,110)	(515,677)
Net property, plant and equipment	6,060,818	2,410,034
Deposits	288,000	-
Total Assets	9,460,035	2,767,660
Deferred outflows of resources		
Deferred outflow of resources	9,613	-
Total deferred outflows of resources	9,613	-
Liabilities		
Current liabilities:		
Accounts payable	815,336	132,306
Accrued liabilities	5,458	-
Deferred revenue	-	39,461
Customer deposits	446,676	-
Certificates of obligation - current	20,000	-
Compensated absences - current	4,297	-
Lease liability - current	-	121,682
Total current liabilities	1,291,767	293,449
Non-current liabilities:		
Net pension liabilities	55,892	-
Certificates of obligation	335,235	-
Compensated absences	4,126	-
Lease liability - noncurrent	-	680,689
Total Liabilities	1,687,020	974,138
Net position		
Net investment in capital assets	5,697,160	1,607,663
Unrestricted	2,085,468	185,859
Total Net Position	$ 7,782,628	$ 1,793,522

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
Year ended September 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer	Equipment
Operating revenues:		
Water and sewer service	$ 3,783,858	$ -
Impact fees	747,134	-
Equipment service	-	222,000
Administration service	-	336,500
Total operating revenues	4,530,992	558,500
Operating expenses:		
Operating expenses	3,180,445	226,356
Depreciation	113,726	116,883
Total operating expenses	3,294,171	343,239
Operating income	1,236,821	215,261
Nonoperating revenues (expenses):		
Interest income (expense)	17,503	5,470
Developer contributions	1,300,406	-
Miscellaneous revenue (expense)	18,728	68,664
Total nonoperating revenues	1,336,637	74,134
Income (loss) before transfers	2,573,458	289,395
Transfers in	-	46,293
Transfers out	(200,000)	-
Change in net position	2,373,458	335,688
Net position - beginning	5,409,170	1,457,834
Net position - ending	$ 7,782,628	$ 1,793,522

The accompanying notes are an integral part of these financial statements.

Town of Northlake, Texas
Statement of Cash Flows
Proprietary Funds
Year ended September 30, 2018

	Business Type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Water and Sewer	Equipment
Operating Activities		
Cash received from customers	$ 4,422,644	$ 558,500
Cash payments to suppliers for goods and services	(2,373,237)	(65,960)
Net cash provided by operating activities	2,049,407	492,540
Noncapital Financing Activities		
Transfers from other funds	-	46,293
Transfers to other funds	(200,000)	-
Net cash used in noncapital financing activities	(200,000)	46,293
Capital and Related Financing Activities		
Developer contributions	1,300,406	-
Proceed from insurance	18,728	68,664
Payments on note	(314,553)	-
Net cash used in capital and related financing activities	1,004,581	68,664
Investing Activities		
Capital expenditures	(1,916,119)	(1,032,923)
Interest received	37,719	5,470
Interest paid	(20,216)	-
Net cash provided by investing activities	(1,898,616)	(1,027,453)
Net increase in cash and cash equivalents	955,372	(419,956)
Cash and cash equivalents - beginning	1,719,998	770,260
Cash and cash equivalents - ending	2,675,370	350,304
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	1,236,821	215,261
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	113,726	116,883
Change in assets and liabilities:		
Accounts receivable	(108,348)	-
Other assets	(1,553)	(2,946)
Deferred outflow of resources	44,725	-
Accounts payable and accrued liabilites	785,440	123,881
Unearned revenue	-	39,461
Net pension liability	(21,404)	-
Net cash provided by operating activities	$ 2,049,407	$ 492,540

The accompanying notes are an integral part of these financial statements.

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1. Summary of Significant Accounting Policies

The Town of Northlake, Texas (the "Town") is a municipal corporation governed by an elected mayor and a five-member council. The Town provides the following services: public safety (police), community development, public works, municipal court, general administration, and water and sewer. The accounting and reporting policies of the Town relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Generally Accepted Accounting Principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant policies of the Town are described below.

A. Financial Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

As required by accounting principles generally accepted in the United States of America, these financial statements include the primary government and organizations for which the primary government is financial accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

Discretely Presented Component Units

The component units of the Town consist of two public improvement districts; The Highlands Public Improvement District No. 1 and The Town of Northlake Public Improvement District No. 1 for which the Town's elected officials are financially accountable for. Both of these districts derive their revenues through property assessments that are utilized exclusively for each district. These PID's will be treated as discretely presented component units.

1. Summary of Significant Accounting Policies (continued)

Blended Component Units

The Northlake Economic Development Corporation 4A (the 4A Corporation) and the Northlake Community Development Corporation 4B (the 4B Corporation) are component units of the Town and are included in the basic financial statements as major special revenue funds using a blended presentation.

The 4A Corporation was formed to promote the public welfare and economic development for the areas within the Town of Northlake as authorized by the State under the Texas Development Corporation Act of 1979 and is governed by Section 4A of the act. The 4A Corporation receives funding from a one-half cent sales tax.

The 4B Corporation was formed to promote economic development with the Town and the State of Texas in order to eliminate unemployment and the public welfare of, for and on behalf of the Town by undertaking, developing, implanting, providing and financing projects under the Development Corporation Act of 1979 as defined in Section 4B of the Act. The 4B Corporation receives funding from a one-half cent sales tax.

B. Basis of Presentation

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the Town. The effect of interfund activity, within the governmental and business-type activities columns, has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

The Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements

General Fund
The General Fund is the main operating fund of the Town. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid though other funds are paid from the General Fund.

1. Summary of Significant Accounting Policies (continued)

Hotel/Motel Tax Fund
The Hotel/Motel Tax Fund is used to account for Hotel/Motel tax receipts to be used for promotional purposes.

Capital Projects Fund
The Capital Projects Fund is used to account and track major governmental projects of the Town. Funds are restricted for expenditures associated with specific projects.

Debt Service Fund
The Debt Service Fund is utilized to service interest and principal payments on the Towns debt. Property taxes are the source of funding to pay for the debt and is a component of the total property tax rate levied by the Town.

Other Nonmajor Funds
The Other Nonmajor Funds are used to account for special revenue and tax increment reinvestment zone funds created by the Town, which do not meet the requirements to be presented as a major fund of the Town.

Proprietary Funds

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net position. The Town has presented the following major proprietary funds.

Water and Sewer Fund
The Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the Town and others. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Internal Service Fund

Internal service funds are used to account for the financing of goods or service provided by one department to other departments of the Town on a cost reimbursement basis. The equipment fund accounts for the accumulation and allocation of costs associated with major equipment purchases and maintenance of the equipment. The internal service fund is presented as a proprietary fund in the funds financial statements. Since transactions of the internal service fund predominately involves providing services to the General Fund and other funds that comprise governmental activities of the Town, the financial balances are included in the government activities column of the government-wide statements.

1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Town considers property taxes as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for services, interest income and municipal court revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received.

Use of Restricted/Unrestricted Net Position

When an expense in incurred for purposes for which both restricted and unrestricted net position are available, the Town's policy is to apply restricted net position first.

Taxes

Property taxes are levied for appropriation for the fiscal year beginning on October 1, are due October 1, attached as an enforceable lien on property as of January 1, and become delinquent on February 1. Property taxes are accrued based on the period for which they are levied and available. Delinquent taxes estimated not to be available are treated as deferred revenue in the governmental fund financial statements. Property taxes for towns, including those applicable to debt service, are limited by the Texas Constitution to $2.50 per $100 of assessed valuation. The Town's current tax rate is $0.295 per $100 of assessed valuation and assessed valuation is approximately 100% of estimated value.

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and investments are considered to be cash on hand and demand and time deposits, as well as short-term investments in State investment pools.

For purposes of the statement of cash flows (proprietary fund types), the Town considers cash deposits and highly liquid investments (including restricted assets) maturing in three months or less when purchased, to be cash equivalents.

All investments are recorded at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

Inventories and Prepaid Items

Cash Inventories are valued at cost. Cost is determined using the first-in, first-out method. Inventory consists of expendable supplies held for consumption. Inventories are capitalized under the consumption method, whereby expenditures are capitalized as inventory until used.

Interfund Receivables and Payables

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Transactions between Funds

Legally authorized transfers are treated as interfund transfers and are included in the results of operations of both Governmental and Proprietary Funds.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS’s Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized. Interest has not been capitalized during the construction period on property, plant and equipment, in accordance with standards prescribed by GASB.

1. Summary of Significant Accounting Policies (continued)

Assets capitalized, not including infrastructure assets, have an original cost of $1,000 or more and over one year of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	30 Years
Furniture and fixtures	10 Years
Automobiles	3 Years
Equipment	3 - 10 Years
Infrastructure	5 - 40 Years
Leased building (intangible asset)	5 Years
Water and sewer system	30 - 50 years

Compensated Absences

Town employees are granted vacation days in varying amounts. The maximum vacation allowed to be carried over is 320 hours per calendar year (January through December) for all employees. Any hours over 320 at the end of a year shall be deleted from the employee's accruals. Pay in lieu of taking vacation is not permitted except upon termination. Accrued vacation is paid upon termination after working for the town for at least 12-months. Sick leave is accrued at the rate of eight (8) hours per month for regular full-time employees and on a pro rata basis for regular part-time employees for each month of continuous service. Sick leave may be accumulated up to a maximum of 90 days (720 hours). No cash payment is made for unused sick days. Compensated absences are paid out of the General Fund and various funds based upon the employees' positions.

Net Position

Net position represents the difference between assets and liabilities. Net investments in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling of legislations adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

D. Upcoming and Newly Implemented Accounting Pronouncements

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), addresses accounting and financial reporting by state and local governments for postemployment benefits other than pensions. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement replaces the requirements of Statements No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.

1. Summary of Significant Accounting Policies (continued)

GASB Statement No. 87, Leases, will increase the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Town adopted this Statement in fiscal year 2018.

2. Deposits and Investments

A. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Town manages its exposure to interest rate risk is by investing mainly in investment pools that purchase a combination of short term investments with an average maturity of less than 90 days, thus reducing the interest rate risk. The Town monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The Town has no specific limitations with respect to this metric.

As of September 30, 2018, the Town had the following investments:

Investment Type	Amount	Weighted Average Maturity
Logic	$ 9,337,374	45 days
Wells Fargo	$ 2,137,499	0 days

As of September 30, 2018, the Town did not invest in any securities that are highly sensitive to interest rate fluctuations.

B. Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the Public Funds Investment Act, the Town's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Amount	Minimum Legal Rating	Rating as of September 30, 2018
Logic	$ 9,337,374	AAA	AAA
Wells Fargo	$ 2,137,499	AAA	AAA

C. Concentration of Credit Risk

The investment policy of the Town contains no limitation on the amount that can be invested in any one issuer. As of September 30, 2018, other than external investment pools, the Town did not have 5% or more of its investments with one issuer.

2. Deposits and Investments (continued)

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover collateral securities that are in the possessions of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Public Funds Investment Act does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The Public Funds Investment Act requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least the bank balance less the FDIC insurance at all times.

At September 30, 2018, the carrying amount of the Town's cash on hand and deposits were $2,301,478 and the bank balance was $2,544,264. The bank balance was fully covered by federal depository insurance and collateral pledged. For purposes of the statement of cash flows, the Town considers all highly liquid investments with maturities at the date of purchase of three months or less to be cash equivalents.

E. Investment in State Investment Pools

The Town is a voluntary participant in an investment pool, specifically LOGIC. LOGIC is a public funds investment pool managed by First Southwest Asset Management, Inc. and JPMorgan Chase. LOGIC investments are not categorized in accordance with GASB Statement No. 3 disclosure requirements since the Town is not issued securities, but rather it owns an individual beneficial interest in the assets of the related investment pools. LOGIC operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses amortized cost rather than market value to report new assets to compute share prices. Accordingly, the fair value of the position in LOGIC is the same as the value of LOGIC shares.

3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible amounts as of September 30, 2018, including the applicable allowances for uncollectible accounts, are presented below:

	General Fund		Debt Service Fund	Enterprise Fund Water and Sewer	Public Improvement Districts
	Property Tax Receivable	Municipal Court Receivable	Property Tax Receivable	Accounts Receivable	Assessment Receivable
Gross receivables	$ 8,513	$ 72,692	$ 2,946	$ 440,120	$ 265
Less: allowance for uncollectibles	(5,340)	(41,407)	(869)	(7,734)	(1)
Net receivables	$ 3,173	$ 31,285	$ 2,077	$ 432,386	$ 264

4. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018
Governmental activities				
Capital assets not being depreciated				
Land	$ 2,770,951	$ -	$ -	$ 2,770,951
Construction in progress	317,927	3,583,964	(215,070)	3,686,821
Total capital assets not being depreciated	3,088,878	3,583,964	(215,070)	6,457,772
Capital assets being depreciated				
Buildings and improvements	332,084	68,604	-	400,688
Furniture and fixtures	8,256	1,116	-	9,372
Automobiles	1,467,031	203,768	-	1,670,799
Equipment	371,851	20,552	-	392,403
Infrastructure	4,605,410	896,423	-	5,501,833
Leased building (intangible asset)	-	802,371	-	802,371
Total capital assets being depreciated	6,784,632	1,992,834	-	8,777,466
Less: accumulated depreciation				
Buildings and improvements	173,383	24,987	-	198,370
Furniture and fixtures	3,244	2,260	-	5,504
Automobiles	806,488	125,854	-	932,342
Equipment	258,702	16,307	-	275,009
Infrastructure	2,611,305	304,997	-	2,916,302
Total accumulated depreciation	3,853,122	474,405	-	4,327,527
Total capital assets being depreciated, net	2,931,510	1,518,429	-	4,449,939
Governmental activities capital assets, net	$ 6,020,388	$ 5,102,393	$ (215,070)	$ 10,907,711

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018
Business-type activities				
Capital assets not being depreciated				
Land	$ 97,567	$ -	$ -	$ 97,567
Total capital assets not being depreciated	97,567	-	-	97,567
Capital assets being depreciated				
Buildings and improvements	35,211	-	-	35,211
Equipment	4,925	20,098	-	25,023
Automobiles	42,214	-	-	42,214
Water and sewer system	4,729,892	1,896,021	-	6,625,913
Total capital assets being depreciated	4,812,242	1,916,119	-	6,728,361
Less: accumulated depreciation				
Buildings and improvements	8,963	1,174	-	10,137
Equipment	4,925	264	-	5,189
Automobiles	42,214	-	-	42,214
Water and sewer system	595,282	112,288	-	707,570
Total accumulated depreciation	651,384	113,726	-	765,110
Total capital assets being depreciated, net	4,160,858	1,802,393	-	5,963,251
Business-type capital assets, net	$ 4,258,425	$ 1,802,393	$ -	$ 6,060,818

4. Capital Assets (continued)

	Balance September 30, 2017	Additions	Retirements	Balance September 30, 2018
Public Improvement Districts				
Capital assets being depreciated				
Infrastructure	3,015,000	890,000	-	3,905,000
Total capital assets being depreciated	3,015,000	890,000	-	3,905,000
Less: accumulated depreciation				
Infrastructure	240,694	244,333	-	485,027
Total accumulated depreciation	240,694	244,333	-	485,027
Total capital assets being depreciated, net	2,774,306	645,667	-	3,419,973
PIDs capital assets, net	$ 2,774,306	$ 645,667	$ -	$ 3,419,973

Depreciation expense was charged as direct expense to programs of the primary government as follows:

Governmental activities:	
General government	$ 132,607
Municipal court	3,091
Police	74,883
Public works	263,824
Total governmental depreciation expense	$ 474,405

Business-type activities:	
Water and sewer	$ 81,373
Water and sewer capital projects	32,353
Total business-type depreciation expense	$ 113,726

Public Improvement Districts:	
Infrastructure	$ 244,333
	$ 244,333

5. Long-term Debt

Amounts payable at September 30, 2018 are comprised of the following individual issues:

	Governmental Activities	Business-type Activities	Public Improvement Districts
Certificates of Obligation $4,170,000 Series 2014A Combination Tax and Revenue Certificates of Obligation, due in annual installments of $160,000 to $285,000 through August 15, 2034, with interest at 2%	$ -	$ -	$ 3,540,000
Certificates of Obligation $420,000 Series 2014B Combination Tax and Revenue Certificates of Obligation, due in annual installments of $15,000 to $25,000 through August 15, 2034, with interest at 3%	$ -	$ 355,175	$ -
Certificates of Obligation $6,990,000 Series 2016 Combination Tax and Revenue certificates of Obligation, due in annual installments of $220,000 to $440,000 through April 15, 2036, with interest at 2.00%	$ 6,455,000	$ -	$ -
Certificates of Obligation $1,390,000 Series 2016 General Obligation Refunding Bonds, due in annual installments of $135,000 to $175,000 through April 15, 2025, with interest at 2.00%	$ 1,120,000	$ -	$ -

The following is a summary of long-term debt transactions of the Town for the year ended September 30, 2018:

	September 30, 2017	Increase	Decrease	September 30, 2018	Due Within One Year
Governmental Activities					
Certificates of obligation	$ 7,930,000	$ -	$ 355,000	$ 7,575,000	$ 365,000
Compensated absences	113,504	98,953	88,374	124,083	31,510
Total governmental activiites	8,043,504	98,953	443,374	7,699,083	396,510
Business-type Activities					
Certificates of obligation	375,235	-	20,000	355,235	20,000
Note payable	294,553	-	294,553	-	-
Compensated absences	9,943	16,604	18,124	8,423	4,297
Total business-type activities	$ 679,731	$ 16,604	$ 332,677	$ 363,658	$ 24,297
Public Improvement Districts					
Certificates of obligation	3,710,000	-	170,000	3,540,000	175,000
Total business-type activities	$ 3,710,000	$ -	$ 170,000	$ 3,540,000	$ 175,000

5. Long-term Debt (continued)

Annual Requirements to Retire Debt Obligations

The annual aggregate maturities for each bond type for the fiscal years subsequent to September 30, 2018, are as follows:

Certificates of Obligations	Governmental Activities		Business Activities			Public Improvement Districts	
	Principal	Interest	Principal	Interest	Total	Principal	Interest
2019	$ 365,000	$ 162,012	$ 20,000	$ 10,181	$ 557,193	$ 175,000	$ 105,125
2020	420,000	154,712	20,000	9,781	604,493	180,000	101,625
2021	475,000	146,312	20,000	9,381	650,693	185,000	98,025
2022	505,000	136,812	20,000	8,981	670,793	185,000	94,325
2023	510,000	126,712	20,000	8,531	665,243	195,000	90,163
2024-2028	2,055,000	490,312	105,000	34,806	2,685,118	1,060,000	370,125
2029-2033	1,955,000	297,712	125,000	17,188	2,394,900	1,275,000	183,156
2034-2038	1,290,000	66,653	25,175	907	1,382,735	285,000	9,975
	$ 7,575,000	$ 1,581,237	$ 355,175	$ 99,756	$ 9,611,168	$ 3,540,000	$1,052,519

Defeasance of Debt

In September 2016 the Town issued $1,390,000 General Obligation Refunding Bonds, Series 2016. Total proceeds received from this bond issuance was $1,433,942 and was used as follows: (1) $1,381,870 paid to escrow agent to refund $1,350,000 of Series 2005 bonds; (2) $52,072 was paid in bond issuance costs; and (3) $43,942 was received as a premium from the sale of the bonds.

The advanced refunding was undertaken to reduce total debt service payments by $183,933 and resulted in an economic gain (difference between present value of debt service payments of old debt and new debt) of approximately $177,938. The refunded bonds are considered to be legally defeased and the liability for the refunded bonds has been removed from long-term debt.

6. Upper Trinity Regional Water District (District) Treated Water System Additional Participating Customer Contract

On December 2, 2010, the Town entered into a regional treated water supply contract (as an additional participating customer) in order to provide treated water service to the Town residents in the future. The Town entered into a long term contractual obligation with the Upper Trinity Regional Water District for the purpose of providing funds for the construction and maintenance of a transmission water pipeline that will provide water to participating towns and cities (participating customers). The Town is required to pay the cost of any extension from the water system to the mutually agreed point of delivery for service. The Town will own and operate water pumping, storage and distribution and render retail service within the Town's service area.

Each participating customer is required to make payments to Upper Trinity Regional Water District equivalent to their portion of the regional treated water system project (currently projected at 30% of the total obligation for Northlake) to cover the Town's portion of the cost of the obligation. The Town will be responsible to pay an annual payment for its share of the total amount of money required for the District to pay all operation and maintenance expenses of the System (the project or regional treated water system), and to pay the capital (bond service) component of the annual requirement including debt service on its bonds. Initially, payment for demand shall be based on the minimum demand under a take or pay for the initial demand, plus any future increases in demand requested or experienced by the Town.

6. Upper Trinity Regional Water District (District) Treated Water System Additional Participating Customer Contract (continued)

The agreement requires the use of a water year of June 1 of each calendar year through May 31 of the next following calendar year and requires that approximately sixty days after the end of each annual payment period, the Town shall furnish in writing to the District service information for the water year. The Town paid a $288,000 security deposit to the Upper Trinity Regional Water District upon execution of the agreement. The payment represents an estimate of two years of the Town's portion of the annual debt service requirements. The security deposit can be returned to the Town as early as three years from the start of the agreement if certain conditions are met. There are several fees and charges associated with the water contract such as equity fee, subscription fee, and volume charges. In addition, the Town financed the payment of a $60,000 equity fee over 60 months (see Footnote 5 – Note Payable). As of September 30, 2018, this note payable was paid off.

7. Fund Balances

In accordance with GASBS No. 54, the Town classifies its fund equity into five categories:

- Non-spendable fund balance includes amounts that are not in a spendable form or are required to be maintained intact.
- Restricted fund balance includes amounts that are constrained to specific purposes by their providers or by enabling legislations.
- Committed fund balance includes amounts which are constrained to specific purposes by the government itself, using its highest level of decision-making. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint.
- Assigned fund balance includes amounts a government intends to use for a specific purpose. Intent can be expressed by the governing body or by an official or body to which the governing body delegates.
- Unassigned fund balance includes amounts that are available for any purpose. Unassigned fund balances are only reported in the general fund.

The Town's highest level of decision-making authority is governed by the Town Council. Passage of a resolution would be required to establish, modify, or rescind a fund balance commitment. The Town Council has the authority to assign amounts to specific purposes. The Town considers restricted amounts spent when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Expenditures incurred for purposes for which amounts in any of the unrestricted fund balance classifications could he used are classified using the highest level of spending constraint available at the time of the expenditure.

8. Interfund Transfers and Balances

All interfund transfers between the various funds are approved supplements to the operations of those funds.

8. Interfund Transfers and Balances (continued)

Transfer to	Transfer from	Amount
General Fund	Water and Sewer Fund	$ 150,000
General Fund	4A Fund	25,000
General Fund	4B Fund	25,000
		200,000
Debt Service Fund	General Fund	50,000
Building Fund	General Fund	383,352
Building Fund	Hotel Motel Fund	1,739
Building Fund	4A Fund	1,739
Building Fund	4B Fund	1,739
Building Fund	Water and Sewer Fund	22,262
Capital Projects Fund	Debt Service Fund	6,685,000
Equipment Service Fund	Debt Service Fund	305,000
Technology Services Fund	General Fund	100,000
Equipment Service Fund	General Fund	135,000
Equipment Service Fund	Water and Sewer Fund	125,000
		$ 7,810,831

Due to/from are primarily related to short term loans to cover temporary cash shortages. There were no such arrangements at September 30, 2018.

9. Defined Benefit Pension Plan

Plan Description

The Town participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the town are required to participate in TMRS.

9. Defined Benefit Pension Plan (continued)

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Plan provisions for the Town were as follows:

	Plan Year 2018
Employee deposit rate	7%
Matching ratio (Town to Employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity to Increase (to retirees)	0% of CPI
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	2017
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	23
Active employees	30
Total	57

9. Defined Benefit Pension Plan (continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the town matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the town. Under the state law governing TMRS, the contribution rate for each town is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Town were 10.22% and 10.60% in calendar years 2017 and 2018, respectively. The town's contributions to TMRS for the year ended September, 30 2018, were $164,269, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2017 and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

9. Defined Benefit Pension Plan (continued)

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.90%
Real Return	10.0%	3.80%
Real Estate	10.0%	4.50%
Absolute Return	10.0%	3.75%
Private Equity	5.0%	7.50%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

9. Defined Benefit Pension Plan (continued)

Changes in the Net Pension Liability

Changes in the net pension liability for the Town are summarized in the following table:

	Changes in the Net Pension Liability		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2016	$ 2,411,932	$ 1,984,533	$ 427,399
Changes for the year:			
Service cost	281,176	-	281,176
Interest	175,548	-	175,548
Changes in current period benefits	58,612	-	58,612
Difference between expected and actual experience	4,129	-	4,129
Changes in assumptions	-	-	-
Contributions - employer	-	180,185	(180,185)
Contributions - employee	-	127,147	(127,147)
Net investment income	-	275,603	(275,603)
Benefit payments, including refunds of emplyee contributions	(20,855)	(20,855)	-
Administrative expense	-	(1,425)	1,425
Other changes	-	(74)	74
Net changes	498,610	560,581	(61,971)
Balance at 12/31/2017	$ 2,910,542	$ 2,545,114	$ 365,428

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Disount Rate			
	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Town's net pension liability	$ 890,210	$ 365,428	$ (58,038)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2018, the Town recognized pension expense of $284,704 and the calculation of the expense is summarized in the following table:

9. Defined Benefit Pension Plan (continued)

Schedule of Pension Expense		
Total service cost	$	281,176
Interest on the total pension liability		175,548
Changes in current period benefits		58,612
Employee contributions (reduction of expense)		(127,147)
Projected earnings on plan investments (reduction of expense)		(133,956)
Administrative expense		1,425
Other changes in fiduciary net position		72
Recognition of current year outflow (inflow) of resources - liabilities		695
Recognition of current year outflow (inflow) of resources - assets		(28,329)
Amortization of prior year outflows (inflows) of resources - liabilites		34,312
Amortization of prior year outflows (inflows) of resources - assets		22,296
Total pension expense	$	284,704

At September 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources			
	Deferred Outflows of Resources		Deferred Inflows of Resources	
Differences between expected and actual economic experience	$	19,419	$	-
Changes in actuarial assumptions		-		-
Difference between projected and actual investment earnings		-		-
Contributions subsequent to the measurement date		164,269		-
Total	$	183,688	$	-

$164,269 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31		Amount
2018	$	28,973
2019		23,370
2020		(12,767)
2021		(20,774)
2022		654
Thereafter		-
Total	$	19,456

10. Other postemployment benefit (OPEB) obligations

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered another postemployment benefit ("OPEB") and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

The Town contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers.

The contribution rate for the Supplemental Death Benefit (SDB) is equal to the expected benefit payments during the upcoming year divided by the annualized pay of current active members and is calculated separately for actives and retirees. Due to the significant reserve in the Supplemental Death Fund, the SDB rate for retiree coverage is currently only one-third of the total term cost.

Employees covered by benefit terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	2017
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	5
Active employees	30
Total	39

Actuarial assumptions

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

10. Other postemployment benefit (OPEB) obligations (continued)

Inflation	2.5% per year
Salary increases	3.50% to 10.5% including inflation
Discount rate*	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates – disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

*The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Note: The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the OPEB Liability

Changes in the OPEB liability for the Town are summarized in the following table:

	Changes in the OPEB Liability
	Total OPEB Liability (a)
lance at 12/31/2016	$ 33,093
anges for the year:	
Service cost	2,543
Interest on Total OPEB Liability	1,292
Changes of benefit terms	-
Difference between expected and actual experience	-
Changes in assumptions or other inputs	3,614
Benefit payments	(363)
Net changes	7,086
lance at 12/31/2017	$ 40,179

10. Other postemployment benefit (OPEB) obligations (continued)

Sensitivity of the OPEB liability to changes in the discount rate:

The following presents the OPEB liability of the Town, calculated using the discount rate of 3.31%, as well as what the Town's OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

Sensitivity of the OPEB Liability to Changes in the Disount Rate

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Town's net pension liability	$ 49,805	$ 40,179	$ 32,889

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended September 30, 2018, the Town recognized OPEB expense of $4,269 and the calculation of the expense is summarized in the following table:

Schedule of OPEB Expense

Service cost	$ 2,543
Interest on total OPEB liability	1,292
Changes in benefit terms	-
Employer administrative costs	-
Recognition of deferred outflows/inflows of resources:	
Differences between expected and actual experience *	-
Changes in assumptions or other inputs **	434
Total pension expense	$ 4,269

*In the year of implementation, the beginning of year liability is rolled back from the measurement date, so there will be no experience loss / (gain).

**Generally, this will only be the annual change in the municipal bond index rate.

10. Other postemployment benefit (OPEB) obligations (continued)

At September 30, 2018 the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Schedule of Deferred Outflows and Inflows of Resources	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 3,216	$ -
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	-
Contributions subsequent to the measurement date	181	-
Total	$ 3,397	$ -

$3,180 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31	Amount
2018	$ 434
2019	434
2020	434
2021	434
2022	434
Thereafter	1,010
Total	$ 3,180

11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for with the Town carries commercial insurance.

The Town had no significant changes in insurance coverage from the year ended September 30, 2018. Settlement amounts have not exceeded insurance coverage for the year ended September 30, 2018 or any of the three preceding years.

12. Contingent Liabilities

The Town is involved in lawsuits with other parties from time to time. While the ultimate result of these matters cannot be predicted with certainty, the Town does not expect them to have a materially adverse effect on its Basic Financial Statements.

13. Tax Abatements

Tax Increment Reinvestment Zone Number Two

On April 23, 2015, the Town designated a certain area as a reinvestment zone for commercial/industrial tax abatement in the Town, to be known as Reinvestment Zone No. 2, Town of Northlake Texas.

Reinvestment zone with Farmer Bros. Co.
Abatement is equal to the taxes assess on 85% of the value of Farmer Bros. Co's tangible business personal property, as defined by the Denton Central Appraisal District. The abatement period is from January 1, 2017 to December 31, 2026. The total amount of taxes abated during the year ended September 30, 2018 was $5,646.

Reinvestment zone with SH114/IH35W Ventures, Ltd.
Abatement is equal to the taxes assess on 75% of increased value of the property and improvements. The improvements are estimated to be $25,000,000. The abatement period is from January 1, 2017 to December 31, 2026. On September 14, 2016 the Real Property Tax Abatement Agreement was assigned to Farmer Bros. Co., a Delaware corporation qualified to do business in Texas. Farmer Bros. Co. is the sole party to the assigned contract. The total amount of taxes abated during the year ended September 30, 2018 was $0.

Tax Increment Reinvestment Zone Number Three

On January 14, 2016, the Town designated a certain area as a reinvestment zone for commercial/industrial tax abatement in the Town, to be known as Reinvestment Zone No. 3, Town of Northlake Texas

Reinvestment zone with Westco Aircraft Hardware Corp.
Abatement is equal to the taxes assess on 75% of the value of Westco Aircraft Hardware Corp's tangible business personal property, as defined by the Denton Central Appraisal District. The abatement period is from January 1, 2017 to December 31, 2026. The total amount of taxes abated during the year ended September 30, 2018 was $0.

Reinvestment zone with Hempel USA, Inc.
Abatement is equal to the taxes assess on 75% of the value of Hempel's tangible business personal property, as defined by the Denton Central Appraisal District. The abatement period is from January 1, 2017 to December 31, 2026. The total amount of taxes abated during the year ended September 30, 2018 was $0.

14. Leases

On December 4, 2018, the Town commenced an office lease for the Town Hall building. The lease agreement has a 5-year term with an option to renew the lease by the Town for two additional 5-year terms. The Town agreed to pay the following charges for the lease:

1. "Initial Common Area Maintenance (CAM) Charge" of $1,250 per month;
2. "Initial Insurance Payment" of $208 per month;
3. "Initial Tax Payment" payable monthly;
4. "Minimum Guaranteed Rental/Base Rent" of $23.00 per square foot (SF) for 5,000 square feet of rentable area or $9,792; and

14. Leases (continued)

5. "NNN" or all associated expenses such as taxes, CAM, and insurance, adjusted yearly to inflation indexed to inflation each year.

The Town received three months of free base rent and monthly expenses to be applied at the commencement of the lease.

Future minimum lease payments for operating leases with an initial or remaining lease term of twelve months or more at September 30, 2018 are as follows:

	Amount
2019	$ 121,682
2020	165,106
2021	168,438
2022	171,838
2023	175,307
Thereafter	-
Total	$ 802,371

15. Subsequent Events

In preparing these financial statements, the Town has evaluated events and transactions for potential recognition or disclosure through February 20, 2019, the date the financial statements were available to be issued.

1. Stewardship, Compliance and Accountability

Budgetary Information

The Town Council adopts an annual operating budget, which can be amended by the Council throughout the year. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Town Council, budgetary transfers between departments can be made. The budget amounts on the budgetary comparison schedules reflect the final budget authorization.

REQUIRED SUPPLEMENTARY INFORMATION

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Town of Northlake, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
September 30, 2018

	2014	2015	2016	2017
Total pension liability				
Service cost	$ 169,257	$ 218,403	$ 256,814	$ 281,176
Interest	94,776	114,859	140,867	175,548
Change of benefit terms	-	-	-	58,612
Difference between expected and actual experience	14,773	33,719	62,182	4,129
Changes of assumptions	-	71,966	-	-
Benefit payments, including refunds of emplyee contributions	(21,688)	(11,286)	(12,871)	(20,855)
Net Change in Total Pension Liability	257,118	427,661	446,992	498,610
Total Pension Liability - Beginning	1,280,161	1,537,279	1,964,940	2,411,932
Total Pension Liability - Ending (a)	1,537,279	1,964,940	2,411,932	2,910,542
Plan Fiduciary Net Position				
Contributions-employer	75,574	128,506	147,406	180,185
Contributions-employee	83,179	100,846	114,649	127,147
Net investment income	68,838	2,078	110,118	275,603
Benefit payments, including refunds of emplyee contributions	(21,688)	(11,286)	(12,871)	(20,855)
Administrative expense	(718)	(1,265)	(1,241)	(1,425)
Other changes	(59)	(62)	(67)	(74)
Net Change in Plan Fiduciary Net Position	205,126	218,817	357,994	560,581
Plan Fiduciary Net Position - Beginning	1,202,597	1,407,723	1,626,539	1,984,533
Plan Fiduciary Net Position - Ending (b)	$ 1,407,723	$ 1,626,540	$ 1,984,533	$ 2,545,114
Net Pension Liability - Ending (a) - (b)	129,556	338,400	427,399	365,428
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.57%	82.78%	82.28%	87.44%
Covered Employee Payroll	1,188,275	1,440,652	1,637,847	1,816,383
Net Pension Liability as a Percentage of Covered Employee Payroll	10.90%	23.49%	26.10%	20.12%

Town of Northlake, Texas
Required Supplementary Information
Schedule of Contributions
September 30, 2018

	2014	2015	2016	2017
Actuarially determined contribution	$ 112,401	$ 140,000	$ 171,635	$ 213,078
Contributions in relation to the actuarially determined contribution	100,291	141,715	173,585	214,948
Contribution deficiency (excess)	12,111	(1,715)	(1,950)	(1,870)
Covered employee payroll	1,341,854	1,558,966	1,773,085	2,055,781
Contributions as a percentage of covered employee payroll	7.00%	9.09%	9.79%	10.46%

Town of Northlake, Texas
Required Supplementary Information
Notes to Schedule of Contributions
September 30, 2018

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later

Methods and Assumptions Used to Determin Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of reates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes	Adopted 20 yr, any age retirement eligibility.

1. Stewardship, Compliance and Accountability

Budgetary Information

The Town Council adopts an annual operating budget, which can be amended by the Council throughout the year. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenditures recognized on the basis of accounting principles generally accepted in the United States of America.

At the fund level, actual expenditures cannot exceed budgeted appropriations; however, with proper approval by the Town Council, budgetary transfers between departments can be made. The budget amounts on the budgetary comparison schedules reflect the final budget authorization.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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Town of Northlake, Texas
Combining Balance Sheet
Non Major Governmental Funds
September 30, 2018

	Special Revenue Funds								Blended Component Units		
	Court Special Revenue Fund	Court Technology Fund	Police Asset Forfeiture Fund	Police Special Training Fund	Child Safty Fund	Court Online Acess Fees Fund	Roadway Impact Fee Funds	Tax Increment Reinvestment Zone Fund	Economic Development Corporation 4A	Community Development Corporation 4B	Total Non Major Governmental Funds
Assets											
Cash and cash equivalents	$ 60,332	$ 15,530	$ 16,727	$ 473	$ 98,069	$ 57,949	$ 781,367	$ 46,896	$ 604,055	$ 582,560	$ 2,263,958
Receivables:											
Sales taxes	-	-	-	-	-	-	-	-	55,897	55,897	111,794
Goods available for sale	-	-	6,601	-	-	-	-	-	-	-	6,601
Other assets	-	-	-	-	-	-	-	-	3	3	6
Total assets	60,332	15,530	23,328	473	98,069	57,949	781,367	46,896	659,955	638,460	2,382,359
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	-	-	-	-	15	-	-	-	75,327	75,202	150,544
Accrued liabilities	8	-	6,643	-	-	-	-	-	323	323	7,297
Deferred revenue	-	-	6,601	-	-	-	-	-	-	-	6,601
Total liabilities	8	-	13,244	-	15	-	-	-	75,650	75,525	164,442
Fund balances:											
Restricted for											
Court technology and security	60,324	15,530	-	-	-	57,949	-	-	-	-	133,803
Public safty	-	-	10,084	473	98,054	-	-	-	-	-	108,611
Capital projects	-	-	-	-	-	-	781,367	-	-	-	781,367
TIRZ development	-	-	-	-	-	-	-	46,896	-	-	46,896
Economic development	-	-	-	-	-	-	-	-	584,305	-	584,305
Community development	-	-	-	-	-	-	-	-	-	562,935	562,935
Total fund balances	60,324	15,530	10,084	473	98,054	57,949	781,367	46,896	584,305	562,935	2,217,917
Total liabilities and fund balances	$ 60,332	$ 15,530	$ 23,328	$ 473	$ 98,069	$ 57,949	$ 781,367	$ 46,896	$ 659,955	$ 638,460	$ 2,382,359
	-	-	-	-	-	-	-	-	-	-	-

Town of Northlake, Texas
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Non Major Governmental Funds
September 30, 2018

	Special Revenue Funds								Blended Component Units		Total
	Court Special Revenue Fund	Court Technology Fund	Police Asset Forfeiture Fund	Police Special Training Fund	Child Safty Fund	Court Online Acess Fees Fund	Roadway Impact Fee Funds	Tax Increment Reinvestment Zone Fund	Economic Development Corporation 4A	Community Development Corporation 4B	Non Major Governmental Funds
Revenues											
Taxes:											
Property	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 73,451	$ -	$ -	$ 73,451
Sales and beverage	-	-	-	-	-	-	-	-	320,992	320,992	641,984
Interest income	2,878	2,671	4	-	2,782	2,671	-	-	3,197	3,185	17,388
Municipal court fines	9,939	18,368	-	-	-	-	-	-	-	-	28,307
Seized goods	-	-	6,938	-	-	-	-	-	-	-	6,938
Online access fees	-	-	-	-	-	17,724	-	-	-	-	17,724
Roadway impact fees	-	-	-	-	-	-	744,960	-	-	-	744,960
Miscellaneous	-	-	-	1,377	4,708	-	-	-	19,989	19,989	46,063
Total revenues	12,817	21,039	6,942	1,377	7,490	20,395	744,960	73,451	344,178	344,166	1,576,815
Expenditures											
Current											
Municipal court	5,758	2,858	-	-	-	19,114	-	-	-	-	27,730
Police	-	-	600	1,320	2,425	-	-	-	-	-	4,345
Development services	-	-	-	-	-	-	-	31,752	329,810	329,602	691,164
Promotional	-	-	-	-	-	-	-	-	17,454	18,767	36,221
Total expenditures	5,758	2,858	600	1,320	2,425	19,114	-	31,752	347,264	348,369	759,460
Excess of revenues over expenditures	7,059	18,181	6,342	57	5,065	1,281	744,960	41,699	(3,086)	(4,203)	817,355
Other Financing Sources											
Transfers out	(46,293)	-	-	-	-	-	-	-	(25,000)	(25,000)	(96,293)
Total other financing sources	(46,293)	-	-	-	-	-	-	-	(25,000)	(25,000)	(96,293)
Net change in fund balances	(39,234)	18,181	6,342	57	5,065	1,281	744,960	41,699	(28,086)	(29,203)	721,062
Fund balances - beginning	99,558	(2,651)	3,742	416	92,989	56,668	36,407	5,197	612,391	592,138	1,496,855
Fund balances - ending	$ 60,324	$ 15,530	$ 10,084	$ 473	$ 98,054	$ 57,949	$ 781,367	$ 46,896	$ 584,305	$ 562,935	$ 2,217,917

Town of Northlake, Texas
Budgetary Comparison Schedule - General Fund
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Taxes:				
Property	$ 842,210	$ 910,000	$ 885,559	$ (24,441)
Sales and beverage	480,000	600,000	642,746	42,746
Franchise	305,000	325,800	376,093	50,293
Building permits, plat and other fees	1,433,450	1,632,525	1,546,713	(85,812)
Municipal court	600,000	500,000	510,818	10,818
Interest income	2,500	2,500	6,699	4,199
Miscellaneous	153,760	153,760	213,766	60,006
Total revenues	3,816,920	4,124,585	4,182,394	57,809
Expenditures				
Current				
General government	882,171	981,011	866,111	114,900
Municipal court	274,005	272,505	257,457	15,048
Development services	532,218	554,853	610,551	(55,698)
Police	1,541,970	1,610,900	1,542,814	68,086
Public works	749,825	745,205	623,885	121,320
Capital outlay	33,225	31,815	8,269	23,546
Total expenditures	4,013,414	4,196,289	3,909,087	287,202
Excess (deficiency) of revenues over expenditures	(196,494)	(71,704)	273,307	345,011
Other financing sources (uses):				
Transfers in	230,881	230,881	200,000	(30,881)
Transfers out	-	(500,000)	(500,000)	-
Total other financing sources (uses)	230,881	(269,119)	(300,000)	(30,881)
Net change in fund balances	34,387	(340,823)	(26,693)	314,130
Fund balance, beginning of year	1,857,987	1,857,987	1,857,987	-
Fund balance, end of year	$ 1,892,374	$ 1,517,164	$ 1,831,294	$ 314,130

Town of Northlake, Texas
Budgetary Comparison Schedule - Hotel/Motel Tax Fund
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Hotel/Motel tax	$ 300,000	$ 300,000	$ 444,447	$ 144,447
Interest income	10,805	10,805	14,421	3,616
Total revenues	310,805	310,805	458,868	148,063
Expenditures				
Police	23,550	23,550	26,991	(3,441)
Promotional	67,525	68,025	31,210	36,815
Total expenditures	91,075	91,575	58,201	33,374
Net change in fund balances	219,730	219,230	400,667	181,437
Fund balance, beginning of year	1,484,307	1,484,307	1,484,307	-
Fund balance, end of year	$ 1,704,037	$ 1,703,537	$ 1,884,974	$ 181,437

Town of Northlake, Texas
Budgetary Comparison Schedule - Capital Projects Fund
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Interest income	$ -	$ -	$ 110,931	$ 110,931
Expenditures				
General government	-	-	22,086	(22,086)
Public works	-	150,000	110,874	39,126
Capital outlay	5,200,000	1,300,000	3,518,165	(2,218,165)
Total expenditures	5,200,000	1,450,000	3,651,125	(2,201,125)
Net change in fund balances	(5,200,000)	(1,450,000)	(3,540,194)	(2,090,194)
Fund balance, beginning of year	5,959,853	5,959,853	5,959,853	-
Fund balance, end of year	$ 759,853	$ 4,509,853	$ 2,419,659	$ (2,090,194)

Town of Northlake, Texas
Budgetary Comparison Schedule - Debt Service Fund
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Assessment taxes	$ 556,937	$ 600,000	$ 630,735	$ 30,735
Interest income	500	500	2,688	2,188
Total revenues	557,437	600,500	633,423	32,923
Expenditures				
Debt service				
Principal	375,000	375,000	355,000	20,000
Interest and fiscal charges	181,937	181,937	171,205	10,732
Total expenditures	556,937	556,937	526,205	30,732
Other financing sources (uses)				
Transfers in	-	550,000	550,000	-
Net change in fund balances	500	593,563	657,218	63,655
Fund balance, beginning of year	126,530	126,530	126,530	-
Fund balance, end of year	$ 127,030	$ 720,093	$ 783,748	$ 63,655

Town of Northlake, Texas
Budgetary Comparison Schedule - Economic Development Corporation 4A
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Sales taxes	$ 240,000	$ 300,000	$ 320,992	$ 20,992
Interest income	650	650	3,197	2,547
Miscellaneous	22,000	22,000	19,989	(2,011)
Total revenues	262,650	322,650	344,178	21,528
Expenditures				
Development services	177,025	357,275	329,810	27,465
Promotional	26,500	26,750	17,454	9,296
Total expenditures	203,525	384,025	347,264	36,761
Other financing sources (uses)				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	34,125	(86,375)	(28,086)	58,289
Fund balance, beginning of year	612,391	612,391	612,391	-
Fund balance, end of year	$ 646,516	$ 526,016	$ 584,305	$ 58,289

Town of Northlake, Texas
Budgetary Comparison Schedule - Community Development Corporation 4B
Year ended September 30, 2018

	Budgeted Amounts		Actual	Variance With Final Budget Positive
	Original	Final	Amounts	(Negative)
Revenues				
Sales taxes	$ 240,000	$ 300,000	$ 320,992	$ 20,992
Interest income	650	650	3,185	2,535
Miscellaneous	22,000	22,000	19,989	(2,011)
Total revenues	262,650	322,650	344,166	21,516
Expenditures				
Development services	177,025	357,275	329,602	27,673
Promotional	26,500	26,750	18,767	7,983
Total expenditures	203,525	384,025	348,369	35,656
Other financing sources (uses)				
Transfers out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	(25,000)	(25,000)	(25,000)	-
Net change in fund balances	34,125	(86,375)	(29,203)	57,172
Fund balance, beginning of year	592,138	592,138	592,138	-
Fund balance, end of year	$ 626,263	$ 505,763	$ 562,935	$ 57,172

COMPLIANCE AND INTERNAL CONTROL SECTION

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M.Vail & Associates, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
AUDIT, TAX AND ADVISORY SERVICES

Michael G. Vail, CPA
Charles T. Gregg, CPA
Don E. Graves, CPA
Dinesh J. Pai, CISA

Members:
American Institute of CPAs
Texas Society of CPAs

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in accordance with Government Auditing Standards

To the Honorable Mayor and Town Council
Town of Northlake, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Northlake, Texas (the "Town"), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated February 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

1801 Gateway Blvd., Ste. 212, Richardson, TX 75080
Main: 214-660-2000 | Office: 972-234-3333 | Fax: 972-234-3331
www.vailcpas.com

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

[illegible] & Associates, P.C.

Richardson, Texas

February 20, 2019

STATISTICAL SECTION

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Town of Northlake, Texas
Schedule of Net Position By Component **Table 1**
Last Three Years

	FISCAL YEAR		
	2018	2017	2016
Governmental Activities:			
Net Investment In Capital Assets	3,022,060	(2,224,043)	622,501
Restricted	7,371,608	9,067,546	1,838,381
Unrestricted	1,055,212	2,573,478	4,313,308
Total Governmental Activities Net Assets	$ 11,448,880	$ 9,416,981	$ 6,774,190
Business-type Activities:			
Net Investment In Capital Assets	5,697,160	4,258,425	3,343,561
Restricted	-	-	-
Unrestricted	2,085,468	1,150,742	1,497,218
Total Business-type Activities Net Assets	$ 7,782,628	$ 5,409,167	$ 4,840,779
Primary Government:			
Net Investment In Capital Assets	8,719,220	2,034,382	3,966,062
Restricted	7,371,608	9,067,546	1,838,381
Unrestricted	3,140,680	3,724,220	5,810,526
Total Primary Government Net Assets	$ 19,231,508	$ 14,826,148	$ 11,614,969

Source of information: Statement of Net Position

Town of Northlake, Texas
Changes in Net Position **Table 2**
Last Three Years

	2018	2017	2016
Expenses:			
Governmental Activities:			
General Government	928,400	1,437,941	1,562,134
Municipal Court	263,078	279,833	238,250
Police	1,574,463	932,591	1,139,912
Public Works	952,983	1,312,199	658,352
Development Services	1,274,815	1,016,548	-
Economic Development	-	636,186	636,186
Promotional	67,431	61,929	38,233
Interest and Fiscal Charges	150,220	432,877	226,945
Total Governmental Activities Expenses	5,211,390	6,110,104	4,500,012
Business-type Activities:			
Water and Sewer	3,294,171	2,568,970	1,613,800
Total Business-type Activities Expenses	3,294,171	2,568,970	1,613,800
Total Primary Government Activities Expenses	$ 8,505,561	$ 8,679,074	$ 6,113,812
Program Revenues:			
Governmental Activities:			
Charges for services:			
General Government	$ 1,546,713	1,341,544	$ 1,061,699
Municipal Courts	578,133	544,561	593,352
Operating Grants and Contributions	-		-
Total Governmental Activities Program Revenue	2,124,846	1,886,105	1,655,051
Business-type Activities:			
Charges for services:			
Water and Sewer	3,783,858	3,296,635	2,584,170
Operating Grants and Contributions	1,300,406	-	-
Total Business-type Activities Program Revenues	5,084,264	3,296,635	2,584,170
Total Primary Government Program Revenues	$ 7,209,110	$ 5,182,740	$ 4,239,221
Net (Expense) Revenue			
Governmental Activities	(3,086,544)	(4,223,999)	(2,844,961)
Business-type Activities	1,790,093	727,665	970,370
Total Primary Government Net Expense	$ (1,296,451)	$ (3,496,334)	$ (1,874,591)
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Taxes:			
Property Taxes	1,572,424	1,179,013	922,534
Sales Taxes	1,284,730	1,246,433	1,359,296
Franchise Taxes	376,093	282,277	257,563
Hotel/Motel Taxes	444,447	267,965	257,813
Interest	160,360	113,463	40,944
Roadway Impact Fees	744,960	-	-
Assessments	-	610,503	436,420
Miscellaneous	335,428	1,542,348	204,122
Transfers In (Out)	200,000	172,262	146,629
Total Governmental Activities	5,118,442	5,414,264	3,625,321
Business-type Activities:			
Water/Sewer Impact Fees	747,134	-	-
Interest Earnings (Expense)	37,718	(6,339)	(28,061)
Miscellaneous	(1,487)	20,324	60,734
Transfers In (Out)	(200,000)	(172,262)	(146,629)
Total Business-type Activities	583,365	(158,277)	(113,956)
Total Primary Government	$ 5,701,807	$ 5,255,987	$ 3,511,365
Change In Net Position			
Governmental Activities	2,031,898	1,190,265	780,360
Business-type Activities	2,373,458	569,388	856,414
Total Primary Government	$ 4,405,356	$ 1,759,653	$ 1,636,774

Source of information: Statement of Activities

Town of Northlake, Texas

Governmental Fund Balances **Table 3**

Last Three Years

	2018	2017	2016
General Fund			
Unassigned	1,831,294	1,925,453	1,575,023
Restricted	-	-	-
Total General Fund	$ 1,831,294	$ 1,925,453	$ 1,575,023
All Other Governmental Funds:			
Restricted for:			
Utility Cost Participation	$ 65,310	-	$ -
Promotional Activities	$ 1,884,974	1,484,307	$ 1,258,552
Public Improvement		119,353	$ 1,373,509
Economic Development		612,391	$ 595,579
Community Development		592,138	$ 575,332
Capital Projects	$ 2,419,659	5,996,260	
Debt Service	$ 783,748	126,531	
Restricted, Reported In Non-Major Governmental Funds:			
Roadway Impact Fees	781,367	-	
Court Technology, Security and Child Safety	133,803	250,722	250,910
Public Safety	108,611	-	
TIRZ Development	46,896	-	
Economic Development	584,305	-	
Community Development	562,935	-	
Capital Projects	-	-	11,071
Debt Service	-	-	249,740
Other Purposes	-	5,197	(1,385)
Total All Other Governmental Funds	$ 7,371,608	$ 9,186,899	$ 4,313,308
Total Fund Balance	$ 9,202,902	$ 11,112,352	$ 5,888,331

Source of information: Balance Sheet - Governmental Funds

Town of Northlake, Texas
Changes In Fund Balances - Governmental Funds **Table 4**
Last Three Years

		2018		2017		2016
Revenues						
Taxes:						
Property	$	1,589,745	$	1,190,441	$	954,486
Sales and beverage		1,284,730		1,246,433		1,359,296
Franchise		376,093		282,277		257,563
Hotel/Motel		444,447		267,965		257,813
Building permits, plant and other fees		1,546,713		1,341,544		1,061,699
Municipal court		539,125		592,248		601,110
Interest income		154,890		103,235		40,581
Online access fees		17,724		-		-
Roadway impact fees		744,960		-		-
Assessments		-		610,503		436,420
Miscellaneous		266,767		1,450,364		205,153
Total revenues		6,965,194		7,085,010		5,174,121
Expenditures						
Current:						
General government		893,117		1,206,381		1,429,193
Municipal court		285,187		275,528		232,668
Development services		1,301,715		932,591		636,186
Police		1,574,150		1,263,326		1,069,797
Public works		734,759		681,092		425,044
Promotional		67,431		61,929		38,233
Capital outlay		3,526,434		2,927,584		1,717,484
Debt service:						
Principal		355,000		2,005,000		300,000
Interest and fiscal charges		171,205		459,276		242,624
Total expenditures		8,908,998		9,812,707		6,091,229
Excess (deficiency) of revenues over expenditures		(1,943,804)		(2,727,697)		(917,108)
Other financing sources (uses)						
Proceeds of long-term debt		-		8,380,000		-
Premium on bond		-		215,287		-
Transfers in		750,000		6,935,000		484,416
Transfers out		(596,293)		(7,578,569)		(755,748)
Total other financing sources (uses)		153,707		7,951,718		(271,332)
Net change in fund balances		(1,790,097)		5,224,021		(1,188,440)
Debt service as a percentage of noncapital expenditures		9.78%		35.79%		12.41%

Source of information: Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

Town of Northlake, Texas

Assessed Value And Estimated Actual Value of Taxable Property **Table 5**

Last Three Years

Fiscal Year Ended Sep. 30th	Estimated Market Value Real Property	Estimated Market Value Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2018	$ 485,614,807	$ 114,099,682	$ 58,937,781	$ 540,776,708	$ 0.295000
2017	340,385,891	55,685,887	21,051,251	375,020,527	$ 0.295000
2016	231,742,810	63,603,656	23,185,497	272,160,969	$ 0.295000

Town of Northlake, Texas
Direct And Overlapping Property Tax Rates (per $100 of assessed value) **Table 6**
Last Three Years

	Town of Northlake Direct Rates			Overlapping Rates			
Fiscal Year Ended Sep. 30th	M&O Rate	Debt Service Rate	Total Rate	Argyle Independent School District	Emergency Services District	Denton County	Total Rate Tax Rate
2018	$ 0.177600	$ 0.117400	$ 0.295000	$ 1.585050	$ 0.100000	$ 0.237812	$ 2.217862
2017	0.190300	0.104700	0.295000	1.570050	0.099820	0.248409	2.213279
2016	0.217700	0.077300	0.295000	1.570050	0.100000	0.262000	2.227050

	Town of Northlake Direct Rates			Overlapping Rates			
Fiscal Year Ended Sep. 30th	M&O Rate	Debt Service Rate	Total Rate	Northwest Independent School District	Emergency Services District	Denton County	Total Rate Tax Rate
2018	$ 0.177600	$ 0.117400	$ 0.295000	$ 1.490000	$ 0.100000	$ 0.237812	$ 2.122812
2017	0.190300	0.104700	0.295000	1.452500	0.099820	0.248409	2.095729
2016	0.217700	0.077300	0.295000	1.452500	0.100000	0.262000	2.109500

Source: Denton County Appraisal District

There are two school districts that serve the residents of Northlake; Northwest Independent School District and Argyle Independent School District

Town of Northlake, Texas
Ratio of General Bonded Debt Outstanding
Last Three Years

Table 7

	Governmental Activities	Business-Type Activities			Component Units		
Fiscal Year Ended Sep. 30th	Certificate of Obligation Bonds	Certificate of Obligation Bonds	Notes Payable	Total Primary Government	Public Improvement Districts	Total Outstanding Debt	% of Actual Taxable Value Of Property (1)
2018	$ 7,575,000	$ 355,235	$ 0	$ 7,930,235	$ 3,540,000	$ 11,470,235	0.02
2017	11,640,000	375,175	294,553	12,309,728	-	12,309,728	0.03
2016	5,265,000	390,121	439,478	6,094,599	-	6,094,599	0.02

Notes: (1) See Exhibit for property value data.
(2) Population information was obtained from the North Central Texas Council of Governments

Town of Northlake, Texas
Principal Tax Payers **Table 8**
Current Year And Three Years Ago

	2018		2016	
Taxpayer Name	Rank	Taxable Value	Rank	Taxable Value
Chadwick Apartments Phase 1 LTD	1	37,625,295	2	21,643,857
Northport 35 Investors, LLC	2	37,009,886	1	35,296,858
Dry Creek Apartments, LTD	3	36,201,120		
Cabot IV TX1B01 Bo2 LLC	4	22,731,030	4	18,360,000
Intercapital Creekside LLC	5	21,500,000	3	20,700,000
DCT Northlake LP	6	20,473,676	5	17,542,600
Qicktrip Corp.	7	9,374,676	7	9,467,441
Farmer Bros. Co	8	9,353,475		
The Clorox Sales Company	9	9,000,013		
Nash Canyon Falls, LLC	10	8,039,584		
Devon Energy Production Co LP			6	10,939,921
Enervest Operating LLC			8	5,172,850
Nomac Drilling Corporaton			9	4,716,410
Hydro Conduit of Texas LP			10	4,200,000

Source: Denton County Appraisal District

Town of Northlake, Texas

Full-Time Equivalent Government Employees By Function/Program **Table 9**

Last Three Years

Function/Program:	2018	2017	2016
General Government	4	4	4
Municipal Court	3	3	3
Development Services	2	1.25	1.25
Police	13.75	13.75	12.5
Public Works	4.24	4.24	3.37
Promotional	0.25	0.25	0.25
Water/Sewer	6.74	6.74	5.32
Total	33.98	33.23	29.69

Source: Town Budget Office

Executive Session

Agenda Item 8